Innovative and Socially Responsible

Alberta Gaming

2005 2006 ANNUAL REPORT

Alberta Gaming

ALBERTA LOTTERY FUND

The Alberta Lottery Fund benefits thousands of groups and communities across the province!

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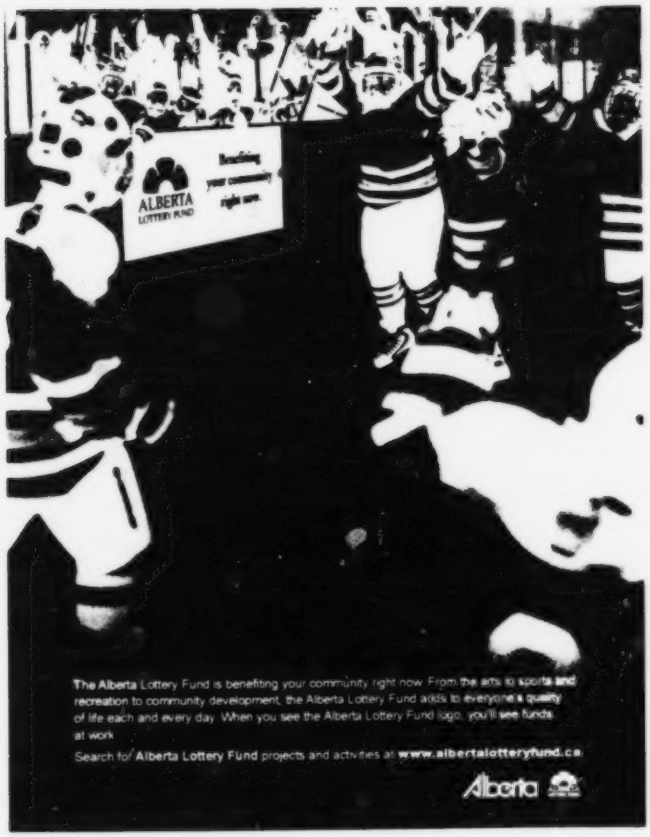
For More Information

The Ministry of Gaming is committed to being open and accountable in its activities. As part of its mandate to allow the public to enjoy liquor and gaming activities in a responsible way, it provides consumers and stakeholders with opportunities to learn more about the industries, legislation, regulation and policies, and the activities of the Ministry, including the administration of grant programs. The Ministry's website at www.gaming.gov.ab.ca provides information to Albertans on a range of liquor and gaming related topics, including programs undertaken to ensure gaming activities and liquor sales are conducted with integrity and in a responsible manner. The website also includes links to related sites such as the AGLC website (www.aglc.gov.ab.ca) and the Alberta Lottery Fund website (www.albertalotteryfund.ca). Ministry staff also respond to thousands of calls, letters and e-mails each year from the public. For contact information, see the inside back cover of this annual report.


ALBERTA
LOTTERY FUND
The Alberta Lottery Fund is benefiting your community right now. From the arts to sports and recreation to community development, the Alberta Lottery Fund adds to everyone's quality of life each and every day. When you see the Alberta Lottery Fund logo, you'll see funds at work.
Search for Alberta Lottery Fund projects and activities at www.albertalotteryfund.ca
Alberta

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Alberta
Search for Alberta Lottery Fund projects and activities at www.albertalotteryfund.ca

2007-00139

Year at a Glance

ALBERTA LOTTERY FUND

Lottery-Funded Grant Programs	2005-06	2004-05
Number of Community Facility Enhancement (CFEP) grants approved	**501**	628
Total value of CFEP grants distributed	**$38.5 million**	$39.5 million
Number of Community Initiative Program (CIP) grants approved	**1,188**	1,279
Total value of CIP grants distributed	**$30.0 million**	$30.0 million
Total value of other grants approved	**$94.1 million**	$121.6 million

Alberta Lottery Fund		
Total value of Alberta Lottery Funds distributed	**$1,397.9 million**	$1,267.2 million
Percentage of available Alberta Lottery funding distributed	**100%**	100%
Percentage of Alberta Lottery Fund disbursements committed to supporting volunteer, public and community-based initiatives	**100%**	100%

Gaming		
Gaming venues		
Bingo association halls	**47**	52
Charitable casino facilities	**17**	16
Racing entertainment centres	**3**	3
Locations with VLTs	**1,079**	1,110
Ticket lottery centres	**2,280**	2,173
Gaming Gross Profit	**$1,951.6 million**	$1,770.7 million

Liquor		
Liquor retail outlets	**1,121**	**1,086**
Liquor products available	**12,965**	**12,537**
Liquor sales by volume, in hectolitres (hl)		
Spirits	**223,546**	208,709
Wine	**260,400**	235,062
Coolers/Cider	**133,886**	134,966
Beer	**2,447,587**	2,363,630
	3,065,419	2,942,367
Liquor Gross Profit	**$603 million**	**$570 million**

Highlights

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The Ministry in partnership with the Alberta Solicitor General and Public Security sponsored a two-stage *Alberta Roundtable on Violence In and Around Licensed Premises*. The top priorities that emerged during the discussion were:

- Improved education and training;
- Potentially higher licensing standards; and
- More research, especially in areas such as minimum drink prices and happy hour practices.

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During 2005-06, Deerfoot Casino began operations in Calgary, bringing the total number of casinos in Alberta to 17. Albertans have indicated their support for growth in gaming as long as it is carefully managed and controlled. This new casino is part of a growing industry trend toward 'destination gaming', where casinos are typically part of a larger complex including a hotel, conference centre and other entertainment facilities.

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Coin-less slot machines were successfully tested at the Palace Casino in Edmonton during the 2005-06 fiscal year. Coin-less slot machines issue a printed voucher as payment, reducing the frequency of machine malfunctions due to coin jams.

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A pilot project was launched in 2005-06 to provide casino patrons with easier access to gambling information – another way the Ministry demonstrates its commitment to promoting responsible gaming. The Alberta Gaming and Liquor Commission (AGLC), in partnership with the Alberta Alcohol and Drug Abuse Commission (AADAC), opened a Responsible Gambling Information Centre in Edmonton's Palace Casino in February 2006, with a second centre subsequently opened at Calgary's Deerfoot Casino.

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The first phase of research into the effectiveness of Responsible Gaming Features (RGFs) on VLTs has been completed, with encouraging results. The research aims to determine the effectiveness of the RGFs in increasing responsible gaming awareness among players. The Phase One research report is available on the AGLC web site at www.aglc.gov.ab.ca.

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On December 13, 2005, a new campaign called 'Benefiting Your Community Right Now', was launched to inform Albertans about the unique Alberta Lottery Fund and its many benefits to the province. In 2005-06, over $1.3 billion in gaming revenue from slot machines, VLTs and lottery ticket sales was used to support thousands of volunteer, public and community-based projects. The campaign involved transit ads in seven communities and ice rink board advertising in 14 community arenas. Beginning March 2006, Ticketmaster ticket backs also displayed the same messaging.

Public Accounts 2005-06
Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta, released June 26, 2006, contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Gaming contains the minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- **The financial statements of entities making up the Ministry including the Department of Gaming, the Alberta Gaming and Liquor Commission and the Alberta Lottery Fund, for which the Minister is responsible, and**
- **Other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as part of the financial statements, to the extent that the Ministry has anything to report.**

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2006 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at August 31, 2006, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Gordon Graydon
Minister of Gaming

Message from the Minister

It has been a year of significant growth for our province and Alberta Gaming has worked hard to meet the special challenges that such growth poses. Alberta's economy continued to boom, with economic growth at 4.3 per cent, fueled by strong investment growth, high energy prices, robust consumer spending and high growth in manufacturing. Alberta's population increased more than five times the national average during the last three months of 2005.

Against this backdrop, it is not surprising that sales of liquor products and gaming revenues increased this past year. Albertans have more disposable income to pursue leisure activities such as gaming. Liquor sales were also up and both the number of liquor retailers and available liquor products increased, providing more choices for consumers.

Albertans told us they supported growth in both the liquor and gaming industries, as long as such growth is carefully managed and controlled. That is why we put in place a rigorous eight-step process to license new casinos. We also ensure the integrity of both the liquor and gaming industries with regular audits and inspections, as well as special operations to shut down illegal gaming houses and bookmaking operations.

Part of our commitment to Albertans involves a strong focus on social responsibility. The new Social Responsibility Division of the AGLC completed its first full year of operation. This division creates and delivers programs – often in partnership with others such as the Alberta Alcohol and Drug Abuse Commission – to promote responsible gaming and liquor consumption, to protect consumers, and to educate the public.

The Alberta Lottery Fund is an important part of our unique and innovative gaming model in Alberta. Over $1 billion of gaming revenues is distributed each year to thousands of volunteer, public and community-based initiatives. For example, during 2005, the Lottery Fund helped refurbish the Jubilee Auditoriums in Calgary and Edmonton as a legacy from our centennial celebrations. Albertans will enjoy these facilities for many more years to come. I have seen first hand and heard from many people about how lottery-funded projects have enhanced their communities.

As we look into the future, we can predict some challenges for both the gaming and liquor industries, for example, worker shortages. We will continue to research best practices, new technologies and effective responsibility measures and programs to help industry continue to grow and evolve.

This annual report provides information on the ministry's activities and performance measures, and demonstrates our accountability to the people of Alberta. We listen to Albertans and we have heard back that they are satisfied with how the liquor and gaming industries operate. There is still much we need to do to ensure that we continue to meet the expectations of Albertans. It is a work in progress, but we are definitely on the right track. Staying innovative and promoting responsible gaming and liquor consumption will drive our activities in the coming years. This is a challenge I am confident we can meet.

Gordon Graydon
Minister of Gaming

Message from the Deputy Minister

Each year, we build on the success of previous years. This past year saw a number of significant achievements, with many new projects undertaken. As part of our commitment to ongoing revitalization and innovation in the liquor and gaming industries, we worked to ensure that the ministry is responsive in recognizing and incorporating new trends. Alberta's newest casino, Deerfoot Casino in Calgary, is part of a growing trend toward 'destination gaming', where casinos are typically part of a larger complex including a hotel and a variety of other entertainment options. In the case of the Deerfoot Casino, a hotel and conference centre are on the premises.

At Alberta Gaming, innovation goes hand in hand with being responsible. We have undertaken many new social responsibility initiatives this past year, in addition to supporting and updating existing programs. For example, a minors awareness campaign to prevent under-age drinking targeted at licensed premises continued and a similar program was developed for lottery ticket retailers. A number of other educational programs to inform Albertans about responsible gaming and liquor consumption were also launched.

One of our key initiatives this past year was the establishment of a Responsible Gambling Information Centre to provide casino patrons with on-site access to responsible gaming information. In addition, through a roundtable consultation, we gathered input from stakeholders on how to deal with violence in and around licensed liquor premises. The Ministry, through the AGLC, also assumed responsibility for the Alberta Server Intervention Program (ASIP) on October 25, 2005. The program had previously been managed by a partnership of industry associations. ASIP training educates Albertans who sell and serve liquor to the public about duty of care responsibilities, Alberta legislation and AGLC policies.

Through our key performance measure results this past year, we found that increasing numbers of Albertans are aware of our efforts to promote responsible liquor consumption and gaming. For example, 93 per cent of Albertans surveyed were aware of prevention and treatment programs for alcohol abuse, while 89 per cent were aware of similar programs for problem gambling.

Throughout the year, the Ministry continued to administer designated lottery-funded programs, including the Community Facility Enhancement Program (CFEP) and the Community Initiatives Program (CIP). CFEP supports the expansion and upgrading of Alberta's community-use facilities. In 2005-06, 501 CFEP grants were given out to organizations like the Dovercourt Community League in Edmonton which received $102,500 to assist with the development of a teen recreation area. The Grande Prairie and Area Safe Communities Committee also received $125,000 to assist with the construction of a facility designed to provide child-focused safety education.

In 2005-06, 1,188 CIP grants were distributed to provide support for project-based initiatives in Alberta's communities. For example, the Action Committee Against Violence Society of Calgary received $49,000 to assist with the development of a communications strategy and technology upgrade. The Blackfoot Canadian Cultural Society in Lethbridge received $30,000 to assist with the development of ABFest 2005, an Aboriginal art festival.

Internally, we continue to make efforts to improve our efficiency and integrity. A corporate information security project was launched in August 2005 in response to an assessment of the policies, procedures and practices associated with the handling of documents. The mandate of this initiative is to develop and implement policies and consistent practices for the protection of sensitive information in both electronic and print form in all of our offices.

Our staff are vital to our success. We hear many positive comments from consumers and industry members about the energy, effort, responsiveness and excellent customer service staff display. They go the extra mile. Nowhere was this more evident than in our United Way campaign this past year. Gaming staff achieved the highest per capita average gift in the 501-950 government staff category and received special recognition from the Premier. I would like to take this opportunity to thank all our staff members for their commitment and hard work. We are proud of our accomplishments this past year. We look forward to meeting the new challenges that the coming year will bring.

Norman C. Peterson
Deputy Minister

Management's Responsibility for Reporting

The Ministry of Gaming includes the Department of Gaming, the Alberta Gaming and Liquor Commission, the Alberta Lottery Fund and the Alberta Gaming Research Council. The Minister is also responsible for the *Gaming and Liquor Act*, the *Horse Racing Alberta Act* and the Racing Appeal Tribunal.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives and respective boards ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual reports, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Gaming. Under the direction of the Minister I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

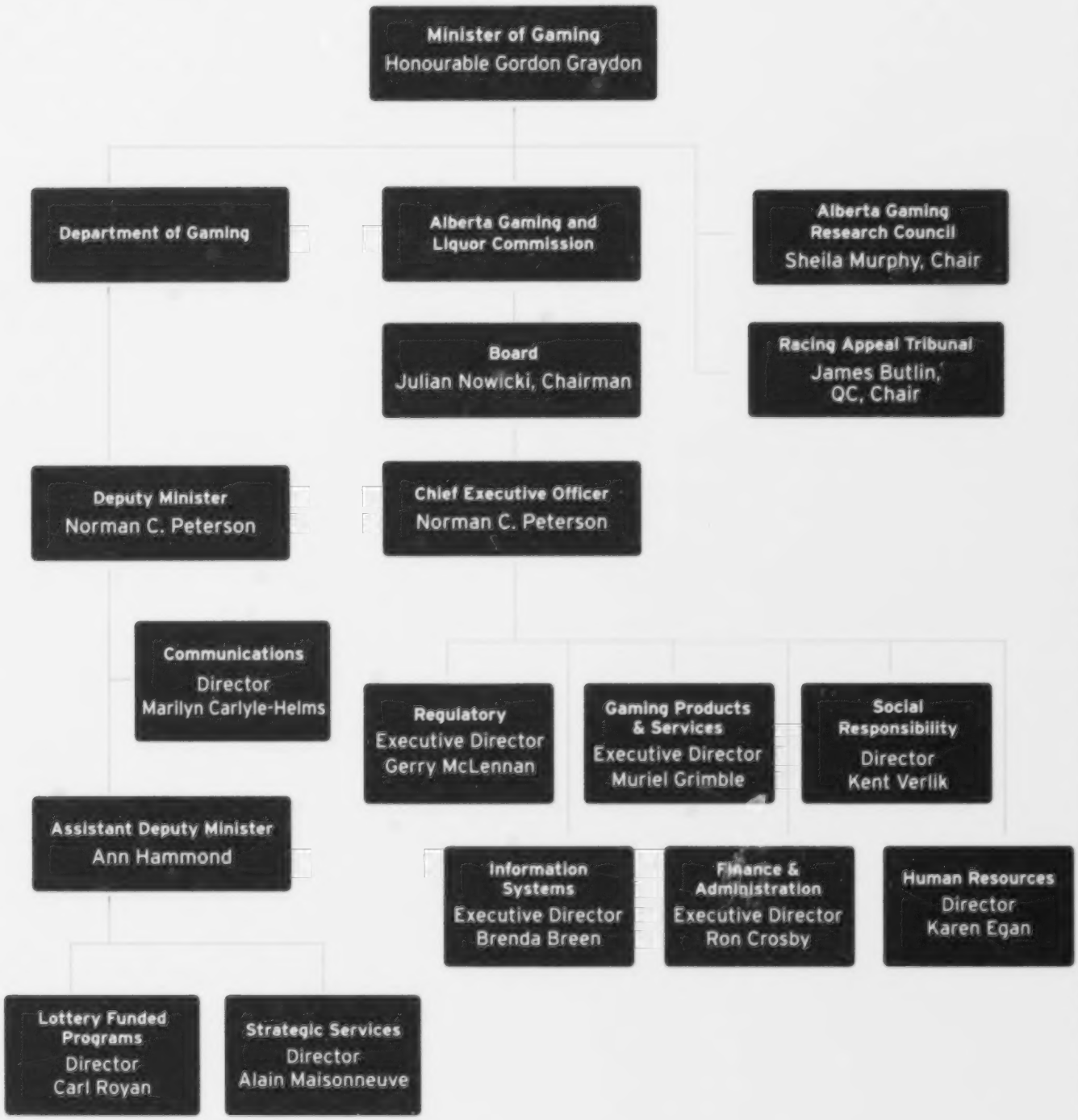
- Provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- Provide information to manage and report on performance,
- Safeguard the assets and properties of the Province under Ministry administration,
- Provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Gaming any information needed to fulfill their responsibilities, and
- Facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

Norman C. Peterson
Deputy Minister
Ministry of Gaming
September 1, 2006

Overview

Organization Chart



Overview

Vision

A province that strives to balance choice and responsibility in its gaming and liquor industries, uses revenue derived from these activities for the benefit of Albertans, and provides opportunity for competition and enhanced service in its gaming and liquor industries

Mission

To ensure integrity and accountability in Alberta's gaming and liquor industries, and to achieve the maximum benefit for Albertans from gaming and liquor activities

Guiding Principles

The Ministry of Gaming has adopted the following guiding principles for gaming and liquor in Alberta. These guiding principles are subject to ongoing review to ensure they continue to reflect Albertans' values.

1. The integrity of gaming and liquor activities will be ensured.
2. Gaming and liquor policies will reflect a commitment to social responsibility.
3. Gaming and liquor policies will be supported by sound research and consultation with the public and stakeholders.
4. The collection and use of gaming and liquor revenue will be open and accountable.
5. Gaming activities will meet standards of quality to protect the integrity of gaming activities, provide gaming entertainment value to consumers and help to keep gaming dollars in Alberta.
6. Alberta's liquor industry will continue to be among the most progressive and competitive in the country and continue to lead the nation in terms of supply, distribution, pricing and customer service.
7. The financial return to eligible groups from charitable gaming and from provincial lotteries is to be maximized for the benefit of Albertans.

Core Businesses

The Ministry of Gaming has three core businesses, as set out in the Ministry's 2005-08 Business Plan. They are as follows:

1. **Alberta's liquor industry operates with integrity, accountability and in a socially responsible manner.**
2. **Alberta's gaming industry operates with integrity, accountability and in a socially responsible manner.**
3. **The Alberta Lottery Fund benefits Alberta communities.**

The Ministry's performance measures, presented in the Integrated Results Analysis section of this annual report, give the results achieved for each core business and related goals.

Overview

"I want to congratulate the staff and volunteers of the Ministry of Gaming for making an exceptional contribution to the 2005 United Way campaign. Your outstanding work resulted in the highest per capita average gift in the 501-950 staff category... Thank you for working so hard and caring about others."

- Premier Ralph Klein

Ministry of Gaming

The Minister of Gaming is responsible for the Department of Gaming, the Alberta Gaming and Liquor Commission, the Alberta Lottery Fund, the Alberta Gaming Research Council, and the Racing Appeal Tribunal. The Minister is also responsible for the *Gaming and Liquor Act* and the *Horse Racing Alberta Act.*

GAMING AND LIQUOR ACT

The legislation sets out the framework for the provision and regulation of gaming and liquor in Alberta, including the roles and responsibilities of the Alberta Gaming and Liquor Commission. It also establishes the Alberta Lottery Fund.

HORSE RACING ALBERTA ACT

The *Horse Racing Alberta Act* places the responsibility for management and regulation of the horse racing industry in Alberta on Horse Racing Alberta (HRA), a not-for-profit corporation.

The objectives of HRA are to:

- Govern, direct, control, regulate, manage, market and promote all forms of horse racing in Alberta.
- Protect the health, safety and welfare of racehorses, racing participants and racing officials.
- Safeguard the interests of the general public in horse racing.

Department of Gaming

The responsibilities of the Department of Gaming include lottery-funded programs, communications and overall strategic services for gaming and liquor activities in the province.

Contact:	**Norman C. Peterson, Deputy Minister**
Phone:	(780) 447-8601
Fax:	(780) 447-8950
E-mail:	norm.peterson@aglc.gov.ab.ca

Contact:	**Ann Hammond, Assistant Deputy Minister**
Phone:	(780) 447-8647
Fax:	(780) 447-8950
E-mail:	ann.hammond@aglc.gov.ab.ca

Lottery Funded Programs

The Lottery Funded Programs Division is responsible for lottery-funded grant programs administered by Alberta Gaming. Two key programs are the:

- Community Facility Enhancement Program - provides financial assistance to build, purchase, repair, renovate or upgrade public-use facilities in Alberta communities, and
- Community Initiatives Program - supports smaller, project-based initiatives in areas such as community services, seniors' services, libraries, arts and culture, and sports and recreation.

Overview

In addition, the Division also administers grant programs that support agricultural and economic initiatives. These programs support major Alberta exhibitions such as the Calgary Exhibition and Stampede, Edmonton Northlands and regional exhibitions in Camrose, Grande Prairie, Lethbridge, Lloydminster, Medicine Hat, Olds and Red Deer.

The Division also administers the flow through of certain gaming revenues to specific beneficiaries. These grant programs include the racing industry renewal, NHL ticket lotteries, and the distribution of electronic bingo and Keno proceeds to charitable organizations.

Contact: **Carl Royan, Director**
Phone: (780) 447-8810
Fax: (780) 447-8903
E-mail: carl.royan@aglc.gov.ab.ca

Communications

The Communications Division plans and coordinates external and internal communications and supports the Ministry in media relations and issues management.

Contact: **Marilyn Carlyle-Helms, Director**
Phone: (780) 447-8719
Fax: (780) 447-8931
E-mail: marilyn.carlyle-helms@aglc.gov.ab.ca

Strategic Services

Strategic Services is responsible for strategic policy, business planning, performance measures, financial planning and coordination, and Freedom of Information and Protection of Privacy services for the Ministry.

Contact: **Alain Maisonneuve, Director**
Phone: (780) 447-8731
Fax : (780) 447-8933
E-mail : alain.maisonneuve@aglc.gov.ab.ca

Alberta Gaming and Liquor Commission

The Alberta Gaming and Liquor Commission (AGLC) is a commercial enterprise, an agent of the Government of Alberta, and a board-governed corporation. It operates under the *Gaming and Liquor Act*. The Board is responsible for regulatory matters and establishing policies within the government's policy framework. Management and staff of the Corporation carry out the day-to-day operations and delegated regulatory responsibilities.

The mission of the AGLC is to ensure gaming and liquor activities are conducted with integrity and social responsibility and to maximize long-term economic benefits for Albertans. The AGLC administers the Alberta Lottery Fund under the provisions of the *Gaming and Liquor Act*.

Overview

The AGLC publishes a separate annual report including an overview of its activities, performance measure results and audited financial statements. Copies are available online at www.aglc.gov.ab.ca or by contacting the Ministry's Communications office (see the inside back cover of this annual report for contact information).

Contact: **Norman C. Peterson, CEO**
Phone: (780) 447-8601
Fax: (780) 447-8950
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Alberta Lottery Fund

The Alberta Lottery Fund is made up of the government's share of net revenues from video lottery terminals (VLTs), slot machines, electronic (DIGI) bingo, Keno and ticket lotteries. These revenues total more than $1 billion each year and are used to support thousands of volunteer, public and community-based initiatives. The Legislature provides annual spending authority for the Fund to support programs, projects and foundations administered by various ministries. The Ministry of Gaming oversees the Alberta Lottery Fund budget and administers various key lottery-funded grant programs, including the Community Facility Enhancement Program and the Community Initiatives Program.

Racing Appeal Tribunal

The *Horse Racing Alberta Act* establishes the Racing Appeal Tribunal. The Minister of Gaming appoints members to the Racing Appeal Tribunal. The Tribunal hears appeals under the Act arising from rulings or directions of horse racing officials. The Tribunal's costs are borne by Horse Racing Alberta. Members of the Tribunal at March 31, 2006 were James Butlin, QC, Chair; William Elzinga; and Morris Taylor. More information on the Racing Appeal Tribunal can be found in the Horse Racing Alberta Annual Report.

Western Canada Lottery Corporation

Western Canada Lottery Corporation (WCLC) is a non-profit organization authorized to manage, conduct and operate lottery and gaming-related activities as the agent for its members, the governments of Alberta, Saskatchewan and Manitoba. The Yukon Territory, Northwest Territories and Nunavut participate as associate members. WCLC works in conjunction with the provincial and territorial marketing organizations: Alberta Gaming and Liquor Commission, Saskatchewan Lotteries, Manitoba Lotteries Corporation, Lotteries Yukon and Sport North Lottery Authority. WCLC is a Regional Marketing Organization of the Interprovincial Lottery Corporation (ILC). ILC is incorporated and authorized to manage and conduct national lotteries.

National games marketed by WCLC include LOTTO 6/49 and SUPER 7. In addition, WCLC offers regional games as authorized by its members, including: WESTERN 6/49, EXTRA, PICK 3, SPORT SELECT, KENO, and a variety of SCRATCH 'N WIN games.

Alberta's share of WCLC revenues and expenses are reflected in the financial results of the AGLC.

Integrated Results Analysis

Highlights

Ministry Expense* by Core Business - March 31, 2006

(thousands of dollars)	2005-06 Budget	2005-06 Actual	2004-05 Actual
1. Alberta's liquor industry operates with integrity, accountability and in a socially responsible manner	549	424	391
2. Alberta's gaming industry operates with integrity, accountability and in a socially responsible manner	2,698	2,382	2,333
3. The Alberta Lottery Fund benefits Alberta communities	1,208,340	1,468,382	1,267,332
Total Ministry expense	1,211,587	1,471,188	1,270,056

* Ministry expense includes Alberta Lottery Fund payments to other ministries.

Ministry Expense* by Function - March 31, 2006

(thousands of dollars)	2005-06 Budget	2005-06 Actual	2004-05 Actual
Health	345,291	345,291	232,274
Education	176,369	176,369	207,533
Social Services	34,000	34,000	30,000
Agriculture, Resource Management and Economic Development	164,181	226,432	210,629
Regional Planning and Development	24,000	24,000	24,000
Protection of Persons and Property	1,265	1,265	1,265
Transportation, Communications and Utilities	180,000	180,000	160,000
Environment	500	500	-
Recreation and Culture	186,141	182,202	200,684
Housing	-	-	6,000
General Government	99,840	301,128	197,671
Total Ministry Expense by Function	1,211,587	1,471,188	1,270,056

* Ministry expense includes Alberta Lottery Fund payments to other ministries.

Report of the Auditor General
on the Results of Applying Specified Auditing Procedures to Performance Information

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the *Ministry of Gaming's 2005-06 Annual Report*. My responsibility is to carry out the following specified auditing procedures on performance information in the annual report. I verified:

Key Performance Measures

Completeness

1. Key performance measures and targets matched those included in Budget 2005. Actual results are presented for all key performance measures.

Reliability

2. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and Understandability

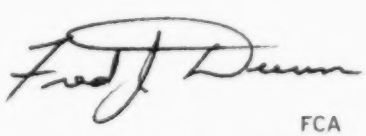
3. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

Supplemental Information

4. Information in reports matched information that the Ministry used to calculate the actual results.

I found no exceptions when I performed these procedures.

As this examination was limited to these procedures, I do not express an opinion on whether the set of key performance measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.



Edmonton, Alberta
August 28, 2006

FCA
Auditor General

Performance Measures at a Glance

Core Business One - Liquor

Goal One – The integrity of Alberta's liquor industry is maintained and liquor policies achieve a balance between choice, social responsibility and economic benefit.

	2005-06	2004-05	2003-04	2002-03	2001-02
Key Measure - Percentage of Albertans surveyed who are satisfied with the conduct of the liquor business in Alberta	78%	78%	79%	80%	80%

Goal Two – Albertans are aware of prevention and treatment programs for alcohol abuse.

Key Measure - Percentage of Albertans surveyed who are aware of prevention and treatment programs for alcohol abuse	93%	86%*	92%	87%	78%

* New methodology introduced for this performance measure in 2004-05. Results for 2003-04, 2002-03 and 2001-02 have been restated to reflect the new methodology.

Core Business Two - Gaming

Goal Three – The integrity of Alberta's gaming industry is maintained and gaming policies achieve a balance between choice, social responsibility and economic benefit.

Key Measure - Percentage of Albertans surveyed who are satisfied with the conduct of legal gaming in Alberta	71%	74%	70%	73%	69%

Goal Four – Albertans are aware of prevention and treatment programs for problem gambling.

Key Measure - Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling	89%	83%*	89%	84%	82%

* New methodology introduced for this performance measure in 2004-05. Results for 2003-04, 2002-03 and 2001-02 have been restated to reflect the new methodology.

Performance Measures at a Glance

Core Business Three - Alberta Lottery Fund

Goal Five – Lottery Funds are effectively managed and support volunteer, public and community-based initiatives.

	2005-06	2004-05	2003-04	2002-03	2001-02
Key Measure - Percentage of Alberta Lottery Fund disbursements committed to supporting volunteer groups, and public and community-based initiatives	100%	100%	100%	100%	100%
Key Measure - Percentage of administration costs of lottery-funded programs administered by the Department of Gaming	0.71%	0.77%	0.92%	1.25%	1.23%

Goal Six – Albertans are aware of the initiatives supported by the Alberta Lottery Fund.

Key Measure - Percentage of Albertans who are aware that the Alberta Lottery Fund supports volunteer groups, and public and community-based initiatives	60%	62%	72%	Comparitive Not Available
Key Measure - Percentage of Albertans who are satisfied with how the Alberta Lottery Fund is used	72%	70%	68%	70%	73%

* New methodology introduced for this performance measure in 2004-05. As a result, historical data are not comparable for 2002-03 and 2001-02. Results for 2003-04 were restated to reflect the new methodology.

Core Business One

Alberta's liquor industry operates with integrity, accountability and in a socially responsible manner.

2005-06 Highlights

Since 1993, Alberta has developed a unique, privatized model for the liquor industry in the province - the only one of its kind in Canada. Through this evolving model, Albertans can choose from a wide variety of available liquor products and convenient store hours and locations. The Ministry continues to look for innovative ways to promote responsible liquor consumption, including awareness and training programs for liquor industry staff. The model continues to serve Albertans well.

Alberta's Liquor Industry - Before and After

	March 31, 2006	March 31, 2005	March 31, 1993
Number of retail outlets	1,121	1,086	304
Number of products	12,965	12,537	3,324

Integrity

In order to maintain the integrity of the liquor industry, the AGLC conducts regular inspections of liquor establishments to ensure licensees comply with legislation, regulation and policies.

Local Development

Diversification and local development continued in Alberta's wine industry as a result of regulation amendments enacted in February 2005. In addition to new fruit wine production facilities launched the previous year, a new fruit winery opened in Two Hills in 2005-06. In addition, a new microbrewery in Edmonton started operations.

"All has been sorted out, precious cargo now safely in my cellar. Thanks for the excellent service. I make a point of telling all my out-of-province wine-loving friends that Alberta is the centre of enlightenment when it comes to exercising personal choice. Alberta puts Ontario and B.C. to shame! In wine, as well as hockey!"

– Calgary resident

Staff from the Customs and Excise section of the AGLC are responsible for administering federal legislation on alcohol entering Alberta.

Core Business One

Being Responsible

While Albertans have indicated their support for a vibrant, innovative liquor industry, social responsibility is a keystone commitment for the Ministry. The following activities to support responsible liquor consumption were undertaken in 2005-06.

Roundtable on Violence

The Ministry in partnership with the Alberta Solicitor General and Public Security sponsored the *Alberta Roundtable on Violence In and Around Licensed Premises*. The objective of the roundtable was to gather input, information and advice from about 70 stakeholders – people who work in, own, manage, regulate and protect Alberta's licensed premises. The first roundtable session was held on November 22-23, 2005 and a second session was held on March 31, 2006. The top priorities that emerged during the discussion were the need for:

- Improved education and training;
- Potentially higher licensing standards; and
- More research, especially in areas such as minimum drink prices and happy hour practices.

The participants also supported a joint task force approach, including police, fire marshalls, AGLC inspectors, health inspectors and municipal bylaw enforcement officers to spearhead the initiative. Government staff are reviewing the roundtable results and will prepare a summary report for review by the Minister of Gaming and the other sponsors. A working group will then determine follow-up action on priorities.

Awareness Programs

2005 Premier's Award of Excellence

Being responsible means working to prevent under-age drinking. A winner of the 2005 Gold Premier's Award of Excellence, the Under 25 Policy requires liquor licensees to request proof of age from anyone appearing to be under age 25. An awareness campaign, coupled with audits of licensees, has helped improve compliance with the program.

Another social responsibility initiative targeted at young people during 2005-06 was the development of a marketing program to address binge drinking and other social issues related to liquor consumption. Sponsored by the AGLC in partnership with AADAC, Alberta Health and Wellness, and Children's Services, the media campaign, which includes television and radio commercials, will run in 2006-07.

The AGLC sponsors a number of other awareness campaigns to promote responsible drinking. For example, through its membership in the Canadian Association of Liquor Jurisdictions (CALJ), the AGLC developed advertising materials to remind Albertans not to drink when using recreational vehicles such as ski-doos and sea-doos. Other posters were produced to promote the #TAXI service which is intended to reduce incidents of drinking and driving. Entering #TAXI on a cell phone finds a local taxi to take a patron home.

Core Business One

Fetal Alcohol Initiative

Helping educate pregnant women about the effects of alcohol consumption on unborn babies is part of the Ministry's social responsibility mandate. As part of an ongoing initiative, the AGLC distributed posters and information cards on Fetal Alcohol Spectrum Disorder (FASD) to liquor retailers across the province. The AGLC participates in the Alberta Partnership on Fetal Alcohol Spectrum Disorder, a provincial cross-ministry committee working together to reduce the incidence of FASD.

Training for Liquor Industry Staff

Under the Alberta Server Intervention Program (ASIP), servers and others involved in the sale of liquor to the public go through a uniform mandatory training program to help them handle situations such as overconsumption by patrons and how to prevent liquor service to minors. The program is available in a number of different delivery methods, such as online, public seminars, in-house seminars and self-directed programs.

The AGLC assumed responsibility for the program on October 25, 2005. The program had been previously managed by a partnership of industry associations. However, industry believed that the AGLC was better suited to develop a long-term program strategy as well as a more cost-effective delivery mechanism, and initiated the transfer of responsibility. A stakeholder advisory committee has been formed to provide advice to the AGLC on the delivery and content of ASIP programs. Also during the year, work began on a training module for security staff. This module is expected to be launched in 2007.

Provincial Impaired Driving Committee

The Provincial Impaired Driving Committee is a partnership aimed at preventing and enforcing impaired driving by:

- Developing and distributing awareness and education programs, including support materials to various target audiences throughout the province.
- Identifying provincial programs that support both education and enforcement. The group is focusing on integrating province-wide, three proven anti-impaired driving programs: Checkstop, Operation Lookout/Traffic Project Watch and Designated Driver.
- Developing implementation strategies for tougher impaired driving penalties and legislation.

In addition to the AGLC, membership includes the Alberta Solicitor General and Public Security, Alberta Justice, Alberta Aboriginal Affairs, Alberta Health, the RCMP, municipal police services, MADD Canada (Mothers Against Drunk Driving), SADD Alberta (Students Against Drinking and Driving), the Alberta Motor Association, AADAC, Insurance Bureau of Canada and Alberta Infrastructure and Transportation's Traffic Safety Initiative.

Core Business One

Goal One: The integrity of Alberta's liquor industry is maintained and liquor policies achieve a balance between choice, social responsibility and economic benefit.

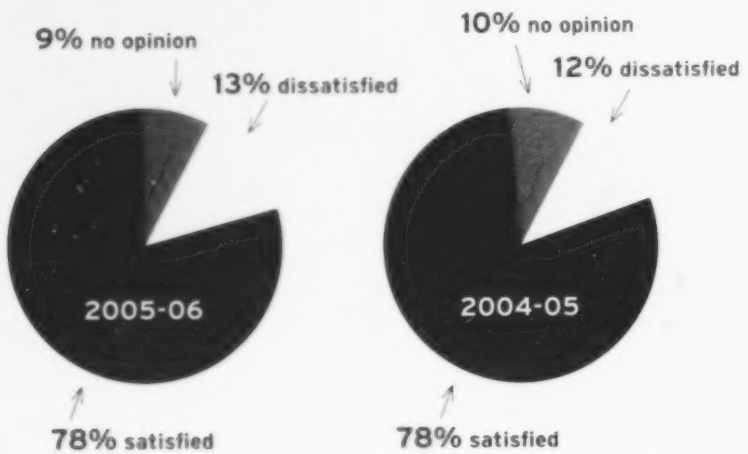
Alberta Gaming strives to ensure that the liquor business in Alberta operates with integrity and accountability. A high satisfaction rate with the conduct of the liquor business provides an indication that policies and legislation are working well and meeting Albertans' expectations.

Key Measure 1

	2005-06		2004-05		2003-04	2002-03	2001-02
	Target	Result	Target	Result	Result	Result	Result
Percentage of Albertans surveyed who are satisfied with the conduct of the liquor business in Alberta	80%	78%	80%	78%	79%	80%	80%

When asked to rate overall satisfaction with the way the liquor business is conducted in Alberta, 78 per cent of Albertans surveyed in 2005-06 indicated they were satisfied, the same level of satisfaction as in the previous year, but slightly less than the target of 80 per cent. The percentage of Albertans dissatisfied was 13 per cent, compared to 12 per cent the previous year. It is clear that Albertans continue to be satisfied with the conduct of the liquor business in Alberta over the long term. The Ministry continues its efforts to be open and accountable for its activities so Albertans have a clear understanding of how liquor industry business is conducted in Alberta.

Albertans are satisfied with how the liquor business operates in the province.



About the Survey

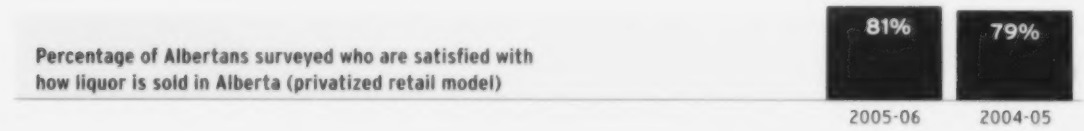
Performance measurement is a legislated requirement in Alberta, but it is also part of responsible governance. Measuring progress in achieving business plan goals will help the Ministry continue to provide efficient and effective services to Albertans.

The results for key performance measures 1, 2, 3, 4, 6a and 6b and supplemental information were obtained from a telephone survey conducted by Banister Research and Consulting Inc. Some 1,002 adult Albertans were interviewed in February-March 2006, providing a margin of error of +/- 3.1 per cent with a 95 per cent level of confidence. A random sample of Albertans was drawn from the most recent telephone listings. The sample was stratified by region, and by age and by gender within each region. The possible responses were: very satisfied, satisfied, somewhat satisfied, somewhat dissatisfied, dissatisfied or very dissatisfied. Respondents were considered 'satisfied' if they indicated they were very satisfied, satisfied or somewhat satisfied.

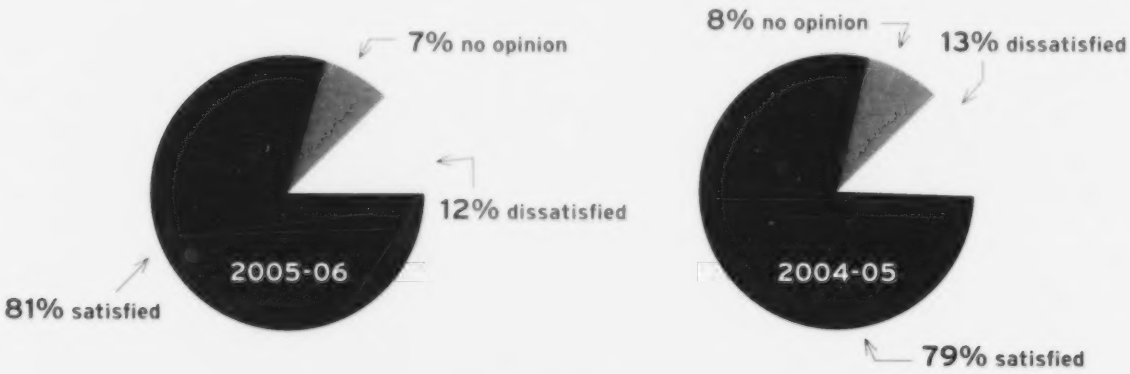
Core Business One

Supplemental Information

When asked to rate overall satisfaction with the privatization of the liquor business in Alberta, 81 per cent of Albertans surveyed in 2005-06 indicated they were satisfied, slightly higher than 79 per cent the previous year, but not statistically significant. The percentage of Albertans dissatisfied was 12 per cent, compared to 13 per cent the previous year. Overall there is continuing satisfaction with the privatized retail model of liquor sales in the province.


Percentage of Albertans surveyed who are satisfied with how liquor is sold in Alberta (privatized retail model)
81%
79%
2005-06
2004-05

Albertans are satisfied with the privatization of the liquor business in the province.



In 2005-06, 79 per cent of survey respondents purchased liquor at a retail store during the past 12 months. The levels of satisfaction with how liquor stores operate are similar to previous years.

Albertans' satisfaction with retail liquor stores

Of those who purchased liquor at a retail liquor store in the preceding 12 months, the following were satisfied with:	2005-06	2004-05
The overall level of service generally received	97%	97%
Business conducted in a responsible manner	94%	93%
The hours of operation of liquor stores	93%	91%
The location of liquor stores	93%	93%
The selection of products in liquor stores	92%	92%
The price of products	73%	72%

Core Business One

Supplemental Information (continued)

Some 68 per cent of survey respondents purchased liquor at a restaurant, lounge or bar in Alberta in 2005-06. Most of these customers continue to express satisfaction with these purchases. Albertans continue to be very satisfied with how liquor is served in licensed establishments.

Albertans' satisfaction with liquor service

	2005-06	2004-05
Percentage satisfied that service was provided in a responsible manner	92%	93%
Percentage satisfied with the hours of operation of these establishments	90%	92%

Goal Two: Albertans are aware of prevention and treatment programs for alcohol abuse.

The Ministry has a clear mandate to ensure that Alberta's liquor industry operates in a responsible manner. Part of that mandate is to ensure Albertans are aware of prevention and treatment programs for alcohol abuse.

Key Measure 2

	2005-06		2004-05		2003-04	2002-03	2001-02
	Target	Result	Target	Result	Result	Results	Results
Percentage of Albertans surveyed who are aware of prevention and treatment programs for alcohol abuse	90%	93%*	88%	86%*	92%	87%	78%

* The methodology used to calculate this measure changed in 2004-05. As such, results for 2003-04, 2002-03 and 2001-02 have been restated to reflect the new methodology.

An increasing majority of Albertans surveyed (93 per cent) have heard, seen or read information about prevention and treatment programs for alcohol abuse, compared to 86 per cent the previous year. This increase reflects the government's efforts to ensure that those who need treatment are aware of available programs and know where to seek treatment.

Core Business One

Financial Results for Core Business One

Financial Results (millions)	2005-06 Budget	2005-06 Actual	2004-05 Actual
Gross liquor profit and other revenue	$580.5	$616.0	$583.0
Liquor-related operating expense	$20.5	$19.3	$16.4
Net revenue from liquor operations	$560.0	$596.7	$566.6
Expenses incurred by the core business	$0.5	$0.4	$0.4

As part of its mandate to ensure Alberta's liquor industry operates with integrity and accountability, the Ministry always strives to balance consumer choice and social responsibility. To achieve this balance, the Ministry regularly monitors emerging trends and issues to determine what, if any, impact they may have on the liquor industry.

With strong investment growth, high energy prices, robust consumer spending and high growth in manufacturing, Alberta's economy continued to boom during 2005. Economic growth at 4.3 per cent was strong. More people moved to the province - both immigrants from other countries as well as Canadians from other parts of Canada. Alberta's population increased more than five times the national average during the last three months of 2005. Along with its booming economy, Alberta predictably enjoyed a low unemployment rate of 3.5 per cent. More people, with more disposable income, contributed to gross liquor profit being higher than budgeted.

For 2005-06, gross liquor profit and other revenue at $616.0 million were 5.7 per cent higher than the previous year, as well as 6.1 per cent over budget. Gross liquor profit and other revenue include the cumulative provincial mark-up on liquor products sold in Alberta and other revenue sources such as licences, fees, levies, fines and interest.

Costs related to liquor-related regulation and developing and implementing social responsibility activities are reflected in liquor operating expenses. Liquor operating expenses in 2005-06 were $19.3 million, an increase of $2.9 million from $16.4 million the previous year, but $1.2 million less than the $20.5 million budgeted. The increase was largely due to increased costs in the Chairman's office, increased legal costs and increasing social responsibility costs, including the transfer of the ASIP program to the AGLC.

The resulting net revenue of $596.7 from liquor operations forms part of the government's general revenues and is used to fund core government programs.

The expenses incurred by this core business of $0.4 million in 2005-06 relate to costs associated with liquor-related policy development and communications in the Department of Gaming. Slightly under the $0.5 million budget, these costs are the same as the previous year's. A total of $19.7 million was spent by the Ministry to achieve its goals for Core Business 1.

In 2005-06, a total of 3.1 million hectolitres of liquor were sold, compared to 2.9 million the previous year, an increase of 6.9 per cent. Of that amount, 223,546 hectolitres were spirit sales, compared to 208,709 hectolitres in 2004-05, an increase of 7 per cent. Wine sales totalled 260,400 hectolitres in 2005-06, compared to 235,062 hectolitres the previous year, an increase of 10.7 per cent. Beer sales at 2,447,587 hectolitres in 2005-06 increased from 2,363,630 hectolitres the previous year, an increase of 3.5 per cent. On the other hand, sales of coolers and ciders were down slightly from 134,966 hectolitres in 2004-05 to 133,886.

In response to the growing population in the province, the number of liquor retail outlets and available liquor products increased compared to the previous year. In 2005-06 there were 1,121 retail outlets compared to 1,086 in 2004-05, while there were 12,965 different liquor products available in 2005-06, compared to 12,537 in 2004-05.

ALBERTA
LOTTERY FUND

Core Business Two

Alberta's gaming industry operates with integrity, accountability and in a socially responsible manner.

2005-06 Highlights

The Ministry's gaming responsibilities include both charitable gaming and provincial gaming activities. Alberta's unique charitable gaming model for casino, pull-ticket, raffle and bingo events allows for religious and charitable organizations across the province to conduct and manage these activities and directly earn proceeds from them. Provincial gaming activities include slot machines, VLTs, electronic bingo and ticket lotteries. Through the AGLC, the Ministry is accountable for gaming activities and has implemented policies, regulations and educational programs to ensure safe, responsible gaming.

New Casinos

Opportunities for growth and expansion of gaming offerings are being pursued in a controlled manner, with the acceptance and support of Albertans. During 2005-06, a new casino complex, Deerfoot Casino, began operations in Calgary, bringing the total number of casinos in Alberta to 17. This new casino is part of a growing trend toward 'destination gaming', where casinos are typically part of a larger complex including a hotel and a variety of other entertainment options. In the case of the Deerfoot Casino, a hotel and conference centre are on the premises.

At the end of March 2006, nine other proposed casinos were in the final stages of the AGLC's eight-step casino facility licensing process. Seven of these are First Nations' casinos. There are no First Nations' casinos currently operating. The status of current casino applications can be found at www.aglc.gov.ab.ca/casinofacilities/newfacilities.asp.

The comprehensive licensing process for new casinos is designed to ensure that growth in gaming is carefully managed and controlled. The Board of the AGLC considers expressions of support for or concern about new casinos during the licensing process. In addition to being evaluated on a detailed business and marketing plan, an applicant for a new casino licence must consider impacts on the community and adjacent communities.

Core Business Two

New Games

During 2005-06, the AGLC responded to the growing popularity of poker games by approving new poker games and more poker tournaments in casinos. The addition of Keno in Video Gaming Entertainment Rooms (VGERs) also took place during the year. Keno is a lottery ticket game played every five minutes. Previously, Keno was only available in bingo halls and casinos.

Coin-less Slot Machines

To keep up with the latest technology, coin-less slot machines are being tested at the Palace Casino in Edmonton. The coin-less slot machines, called Ticket In/Ticket Out (TITO), use a printed voucher as payment. This voucher can be used in the same casino at other slot machines or cashed out. TITO reduces hardware malfunctions due to coin jams, decreases machine downtime and increases player satisfaction. Full network implementation is expected to start in August 2006 and be completed in approximately 18 months. In conjunction with the new coin-less slot machines, standardized cash management practices are being integrated into casinos to enhance gaming integrity.

Bingo Facilities

To improve efficiency and enhance return to charities, a number of bingo associations have been amalgamating. This past year, there were three such amalgamations in Edmonton and one in Grande Prairie. The new Grande Prairie facility, called Grande Bingo, is taking an innovative approach by partnering with a private operator.

"I now feel confident our group can fill out an eligibility form. The website has lots of good information but I needed this dedicated time/opportunity to ask questions to start to understand all there is to know about this process."

– Edmonton GAIN participant

Gaming Information for Charitable Groups (GAIN)

2005 Premier's Award of Excellence

Since November 2003, the AGLC has been conducting free information sessions throughout Alberta to educate charitable groups about the responsibilities and requirements of holding a gaming licence. A winner of a Bronze Premier's Award of Excellence in October 2005, the GAIN program offers a general awareness session as well as specialized sessions on request. In response to feedback from participants, a new Use of Proceeds component was developed in 2005-06. This session provides information about:

- how to get approval to spend gaming proceeds;
- how proceeds can be spent; and
- the time limits for spending proceeds.

The AGLC delivered 236 GAIN sessions in 71 communities throughout Alberta during 2005-06. Over 4,500 participants, representing 2,345 charitable groups attended the sessions. To date, over 13,700 volunteers, representing 7,400 groups, have participated in the program. This past year, the GAIN program continued to attract interest from other jurisdictions, such as Ontario and British Columbia.

Three-Year Licence

At the request of stakeholders, the AGLC initiated a more streamlined facility licensing process for casinos and racing entertainment centres that are in compliance with licensing and due diligence requirements. Previously, the AGLC had issued licences for a single year. Now, eligible facilities may be granted a three-year licence. To ensure that integrity is maintained in the industry, an annual review process is being initiated in conjunction with the three-year licences.

Core Business Two

Regulation

The Ministry ensures the integrity of gaming activities in the province through a variety of regulatory activities, including inspections of licensed facilities and gaming activities, investigations into criminal activities, and forensic audits. A special Gaming Investigation Team (GIT), comprised of AGLC investigators, police services and other government ministries, focuses on illegal gaming activities such as bookmaking, gaming houses and illegal lotteries. Following undercover activities, the GIT shut down illegal gaming houses and bookmaking operations in Edmonton and in Medicine Hat.

AGLC Regulatory Activities

Activity	2005-06	2004-05
Gaming inspections	4,979	5,291
Criminal investigations by AGLC	285	377
Individuals charged	50	41
Criminal investigations by the Gaming Investigation Team	73	82
Individuals charged	23	2
New forensic audits	224	175
Ongoing audits	123	111
Audit files closed	194	206

Core Business Two

Being Responsible

Responsible Gambling Information Centres

In 2005-06, a pilot project was launched to provide casino patrons with easier access to responsible gaming information. In partnership with AADAC, the AGLC opened a Responsible Gambling Information Centre in Edmonton's Palace Casino in February 2006, with a second centre subsequently opened at Calgary's Deerfoot Casino.

The centres are an on-site source of information and assistance to gamblers. For example, they provide information about the financial cost of play, house advantage and the Voluntary Self-Exclusion Program. The centres are open and staffed by AADAC-trained counsellors Tuesday to Saturday, from noon to 8:00 pm. Centre staff are also providing awareness and prevention training for casino employees.

New ATM Policy

Planning was underway during 2005-06 for the implementation of a new ATM policy in July 2006. The policy will require ATMs to be a minimum of 15 feet from a VLT installation, as a form of assistance to problem gamblers, who, research has shown, access ATMs twice as often as recreational gamblers. The AGLC has been working with VLT retailers to educate them about the new policy, why it was enacted and how they can comply.

Core Business Two

Responsible Gaming Features on VLTs

First introduced in 2003, responsible gaming features (RGFs) are special features incorporated into VLTs to increase responsible gaming awareness among players. These features are:

- A 24-hour clock visible at all times;
- The player's bank displayed in credits and in dollars;
- A pop-up message to alert players after 30, 60 and 90 minutes, asking them if they wish to continue or end the session; and
- An AADAC problem gambling message with a help line number scrolling across the screen.

Research has been undertaken to evaluate the effectiveness of the RGFs in promoting responsible gaming behavior. The research is being conducted in two phases over five years. The first phase involved a field-based study to assess players' reactions to the RGFs and was completed in January 2006. This is the first known gaming study in the world using this type of methodology. Phase One research results can be found on the AGLC web site. In Phase Two, the performance of the RGFs will be evaluated over a two-year time period.

Voluntary Self-Exclusion Program

Through this program, participants can choose to be excluded from entering Alberta casinos for a period of time ranging from six months to three years. Since the program's implementation in 2001, a total of 3,788 people have been enrolled, of whom 1,629 are still active participants.

Fourth Annual Responsible Gaming Awards Program

VLT retailers are publicly recognized for participating in the Responsible Gaming Program. To be eligible for recognition, retailers must complete all four components of the program, including staff viewing an educational video; the proper posting of AGLC signs; making educational materials available to consumers; and completing a survey. During 2005-06, 338 VLT retailers received the award.

VLT Retailers Talk about Responsible Gaming:

- "The Responsible Gaming program is one of great importance. It quickly and easily educates staff on how to deal with problem gamblers and those who may be developing a problem."
- "To me, responsible gaming means I should never reinforce the myths about gambling to my patrons and I should watch my patrons for any excessive repetitive behaviour and I should also treat my patrons with courtesy and respect."
- "Responsible gaming means providing VLT players with support and encouragement if the player looks like he or she needs or wants it."
- "VLTs are provided in our business to the customer as a form of entertainment - keep it responsible. If we feel it is no longer "responsible gambling" we will make every effort to draw them away from the machines and guide them."
- "Responsibility to our customers and the understanding that VLTs are a form of entertainment and to watch that there is no excessive playing that might be affecting the player in a negative way."
- "Respecting people's privacy, while still helping them with their gambling problems. Not encouraging alcohol while gambling and taking time to listen when someone has a problem. Not helping cover up a gambling problem."

Core Business Two

Canadian Partnership for Responsible Gambling

Through the AGLC, Alberta participates in the Canadian Partnership for Responsible Gambling (CPRG), which is made up of representatives from each province, including their regulatory bodies and treatment agencies. The purpose of the partnership is to share information and programs on responsible gambling and best practices.

Gaming Training

The AGLC also sponsors a number of training programs for the gaming industry. Training topics range from how to use equipment to how to promote responsible gaming. Following is a summary of training activities that took place in 2005-06.

Gaming Training Activities 2005-06

Training Program	Audience	Purpose	# Trained	What's New
Deal Us In	Casino/REC staff	Phase 1 - mandatory awareness training Phase 2 - mandatory training for management and security staff	90 sessions with 1,529 participants	Enhancements to Phase 2 are under development
VLT Responsible Gaming Training	VLT retailer staff	Video on responsible gaming to raise awareness of gambling myths and how not to promote these myths	2,947	Evaluation to be conducted during 2006-07
Bingo and First Nations responsible gaming training	Facility operators	To educate staff about problem gambling and responsible gambling, and to provide information to players on prevention and treatment programs	–	Under development
VLT/ticket lotteries/slots	Retailers and operators	Training in use of electronic terminals	2,013 (includes VLT, ticket, casino, and special projects within these networks)	Training on new products as they are rolled-out, such as TITO
Responsible gaming training	All Ministry of Gaming staff	To ensure staff have an understanding of problem gaming and the Ministry's role in educating people on responsible gaming	646	Offered twice a year to new hires

Core Business Two

Goal Three:

The integrity of Alberta's gaming industry is maintained and gaming policies achieve a balance between choice, social responsibility and economic benefit.

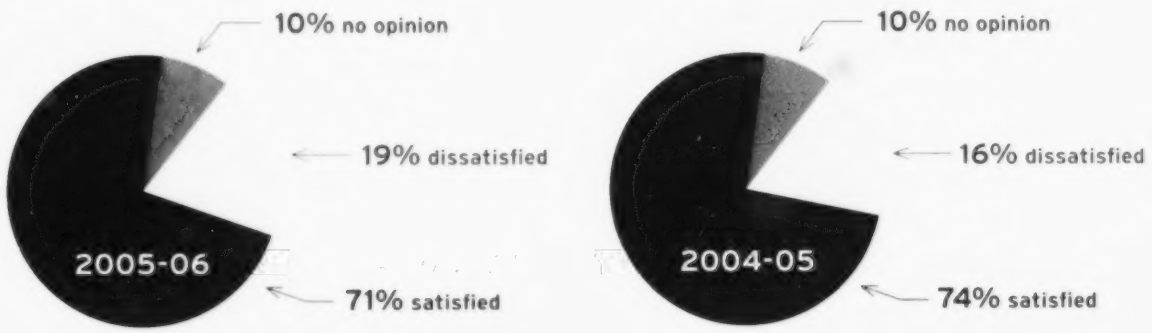
Ensuring Alberta's gaming industry operates with integrity and accountability is the objective of this key measure. A high satisfaction rate with the conduct of the gaming industry indicates that policies and legislation are working well and meeting Albertans' expectations.

Key Measure 3

	2005-06		2004-05		2003-04	2002-03	2001-02
	Target	Result	Target	Result	Result	Result	Result
Percentage of Albertans surveyed who are satisfied with the conduct of legal gaming in Alberta	70%	71%	75%	74%	70%	73%	69%

When asked to rate overall satisfaction with how legal gaming is conducted in Alberta, 71 per cent of Albertans surveyed in 2005-06 indicated they were satisfied, slightly less than the 74 per cent the previous year. The percentage of Albertans dissatisfied was 19 per cent, compared to 16 per cent the previous year. The difference is not considered statistically significant. Satisfaction levels for this measure have fluctuated between 69 per cent and 74 per cent since 2001-02. The 2005-06 satisfaction level is not inconsistent with the overall five-year trend.

Albertans are satisfied with how legal gaming is conducted in the province.

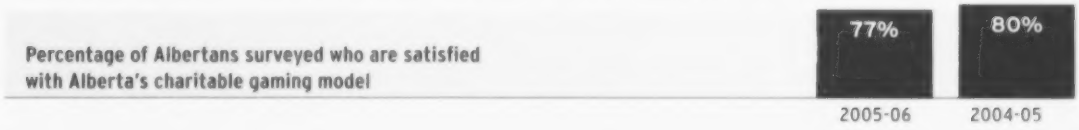


Core Business Two

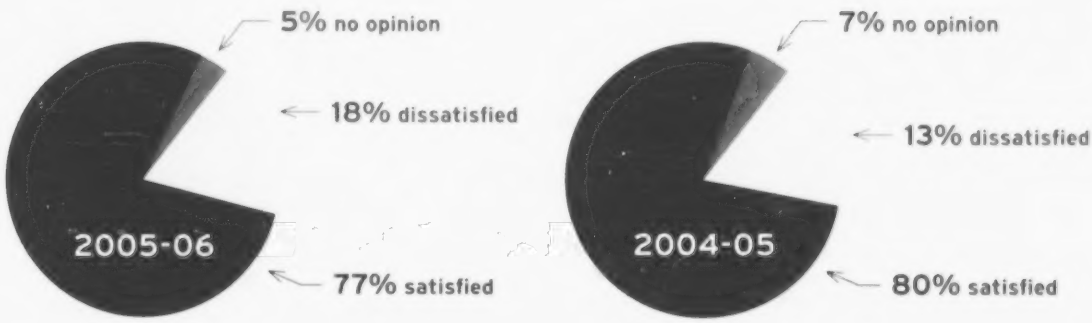
Supplemental Information

Respondents were also asked about their satisfaction with Alberta's charitable gaming model, where only licensed charitable and religious organizations are allowed to conduct raffles, casino events, bingos and pull-ticket sales. Some 77 per cent of respondents were satisfied with this model, compared to 80 per cent the previous year. The difference is not statistically significant. (Five-year trend data are not available.)

Albertans' satisfaction with Alberta's charitable gaming model



Albertans are satisfied with how the charitable gaming model in the province



Core Business TWO

Supplemental Information (continued)

Respondents were also asked if they purchased or participated in eight different gaming products or activities. Lottery tickets continue to be the most popular gaming product at 67 per cent.

Gaming activity popularity among Albertans

Participation in gaming product or activity	2005-06	2004-05
Lottery tickets	67%	67%
Raffles	51%	48%
Slots in casinos	21%	18%
Pull-tickets	17%	15%
Bingos	15%	13%
VLTs	14%	15%
Casino table games	12%	10%
Slots at racetracks	4%	5%

Of those who participated in gaming activities in the preceding 12 months, the following percentage of respondents was satisfied that the gaming activity was provided fairly and in a responsible manner. Clearly, players believe the Ministry is doing a good job in ensuring the gaming industry's integrity.

Satisfaction with gaming activities

Percentage of gaming participants satisfied that the gaming activity was provided fairly and responsibly	2005-06 Result	2004-05 Result
Pull-tickets	96%	95%
Lottery tickets	95%	93%
Raffles	94%	95%
Casino table games	93%	91%
Bingo	92%	92%
Slot machines in casinos	82%	87%
VLTs	81%	81%
Slot machines at racetracks	79%	84%

Core Business Two

Goal Four: Albertans are aware of prevention and treatment programs for problem gambling.

The Ministry has a clear mandate to ensure that Alberta's gaming industry operates in a responsible manner. Part of that mandate is to ensure Albertans are aware of prevention and treatment programs for problem gambling.

Key Measure 4

	2005-06		2004-05		2003-04	2002-03	2001-02
	Target	Result	Target	Result	Result	Result	Result
Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling	90%	89%*	86%	83%*	89%	84%	82%

* The methodology used to calculate this measure changed in 2004-05. As such, results for 2003-04, 2002-03 and 2001-02 have been restated to reflect the new methodology.

IS YOUR GAMBLING A PROBLEM?
RESPONSIBLE GAMBLING
hold your own
Call the 24-hour, toll-free AADAC Help Line
1-866-332-2322
Keys to Responsible Gambling
1. Understand that gambling involves spending money over time, just like any other form of entertainment.
2. Before playing, determine the amount of time and money that is appropriate for you to spend.
3. Set a budget and stick to it. Always play within your limits.
4. Don't chase your losses. Accept them as a cost of entertainment.
5. Don't use money intended for everyday expenses or borrow money to play games of chance. Only spend what you can afford to lose.
6. Take frequent breaks while playing.

The AGLC's education and awareness campaigns related to problem gambling, conducted in collaboration with AADAC, have been effective. When asked to indicate awareness of prevention and treatment programs for problem gambling, 89 per cent of Albertans surveyed in 2005-06 indicated they were aware of these programs, an increase of six percentage points compared to 83 per cent the previous year.

The increase is possibly due to continuing perseverance by staff to ensure pamphlets and posters are being displayed onsite. In addition, VLT retailers, casino staff and racetrack staff have all been taking the responsible gaming awareness training, and may be more conscientious about displaying materials.

Core Business Two

Financial Results for Core Business Two

Financial Results (millions)	2005-06 Budget	2005-06 Actual	2004-05 Actual
Gross gaming profit	$1,772.3	$1,951.6	$1,770.7
Commissions and federal payments	$424.2	$440.0	$398.2
Gaming-related operating expense	$146.5	$122.5	$112.8
Net revenue from gaming operations	$1,201.6	$1,389.1	$1,259.7
Expenses incurred by the core business	$2.7	$2.4	$2.3

As part of its mandate to ensure Alberta's gaming industry operates with integrity and accountability, the Ministry always strives to balance consumer choice and social responsibility. To carry out these responsibilities, the Ministry regularly monitors emerging trends and issues to determine what, if any, impact they may have on the gaming industry.

Alberta's booming economy has resulted in a strong retail sector. Between 2000 and 2004, Alberta's retail sales increased at an annual average rate of 8.1 per cent, the highest in the country and well above the national average of 4.8 per cent. This growth followed a strong average annual increase of 7.4 per cent between 1996 and 2000. In 2004, retail sales per capita in Alberta were 25 per cent higher than the national average. As a result of solid labour market gains for years, disposable income per capita was more than 16 per cent higher than the national average in 2004, the latest year for which statistics are available.

With increasing numbers of Albertans and more disposable income per capita, leisure activities such as gaming are attracting more participants, as evidenced by increased profits. Gross profit from gaming includes the gross proceeds from VLTs, slot machines, electronic bingo, Keno and ticket lotteries less prizes and leasing costs. In 2005-06, gross profit from gaming increased to $1,951.6 million, an increase of over 10 per cent compared to $1,770.7 million the previous year and over the budget of $1,772.3 million.

Commissions are paid to both gaming operators and charities at licensed casino events. The gaming operator receives a fee for providing services and charities receive slot machine proceeds in return for conducting and managing the casino event. Federal payments include amounts paid to the federal government in lieu of GST on gaming products. In 2005-06, commissions and federal payments were $440.0 million, compared to $398.2 million the previous year.

Gaming related operating expenses, at $122.5 million, were eight per cent higher than $112.8 million the previous year.

Net revenue from gaming operations was almost $1.4 billion in 2005-06, compared to almost $1.3 billion the previous year. These revenues are directed to the Alberta Lottery Fund as required by the *Gaming and Liquor Act*. The funds support thousands of volunteer, public and community-based initiatives throughout Alberta.

The expenses incurred by the core business of $2.4 million in 2005-06 relate to costs associated primarily with gaming-related policy development in the Department of Gaming. The AGLC bears the costs of regulating, operating and managing and social responsibility activities related to gaming. These costs are reflected in the $122.5 million cost of gaming operations. A total of $124.9 million was spent by the Ministry to achieve its goals for Core Business 2.

Core Business Three

The Alberta Lottery Fund benefits Alberta communities.

2005-06 Highlights

The Ministry is responsible through the AGLC for the administration of the Alberta Lottery Fund, including the collection and disbursement of gaming proceeds as directed by the legislature. Gaming revenues result from play on VLTs, slot machines and electronic bingo, as well as ticket lotteries. Aimed at benefiting Alberta communities, the Alberta Lottery Fund supports programs, projects and foundations administered by 14 ministries/offices, including the Department of Gaming.

In 2005-06, the Alberta Lottery Fund had proceeds of over $1.3 billion and distributed over $1.2 billion to other ministries and $164 million to the Department of Gaming. The details of how these funds were used by other ministries/offices are outlined in their annual reports. The details of the use of the Alberta Lottery Fund proceeds by the Department of Gaming are reflected in this annual report.

The Department of Gaming administers various lottery-funded programs that benefit communities, including the Community Facility Enhancement Program (CFEP) and the Community Initiatives Program (CIP).

It takes a Village to Raise a Child

When the Lorelei Beaumaris Community League in North Edmonton started to offer skateboarding lessons, response was 'astronomical', according to the league's president. On the first night there were 20 sets of equipment ready to go, but 40 children showed up empty-handed in this neighbourhood of low-income housing and single-parent families.

When the lessons were offered for a second time, a youngster suspected of vandalism involving the community hall expressed interest in participating. "I told the boy I was offering lessons at $10 for four lessons, but he had no money", said the president, "I told him to come back the following day, and I would see what I could do."

The boy agreed to volunteer around the hall in exchange for the lessons. When winter came, he wanted to join the skating program, but he didn't have $25 for membership or a pair of skates. However, he was willing to help out and shoveled walks, set up dances, and volunteered at clean-up day, becoming one of the league's most committed volunteers. The league gave him both equipment and membership.

A Community Initiatives Program (CIP) grant from the Alberta Lottery Fund allowed the community league to help this youngster and others choose a better path. Said the community league president: "We cannot change the parents, but we can change the kids. Let's offer them a chance."

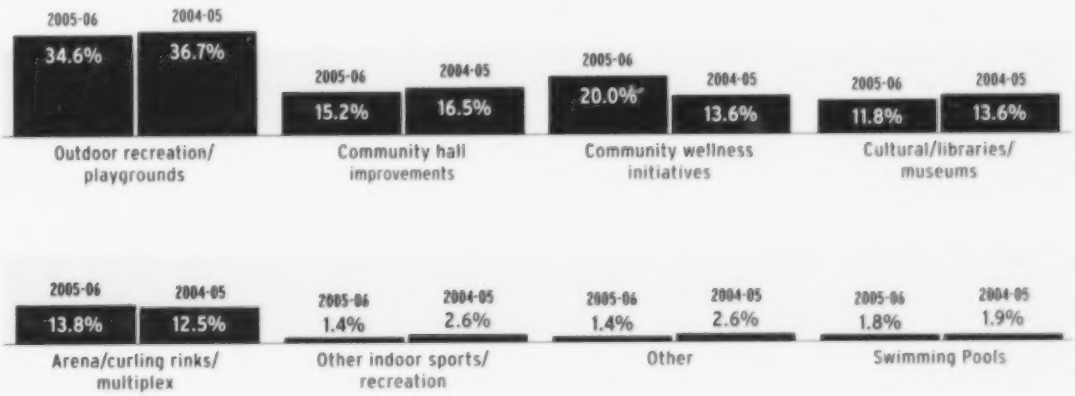
Core Business Three

Community Facility Enhancement Program (CFEP)

The purpose of the CFEP program is to provide financial assistance for the expansion and upgrading of Alberta's extensive network of community-use facilities. CFEP provides matching grants, usually up to $125,000 per project annually, to eligible registered community non-profit groups, municipalities, First Nations and Métis settlements. CFEP funding in 2005-06 totalled $38.5 million for a total number of 501 grants.

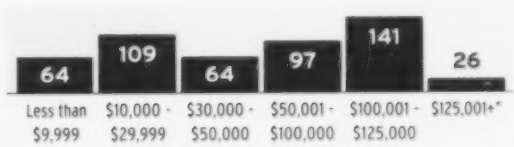
Total CFEP Grants

CFEP Grants 2005-06 vs 2004-05 (per cent)



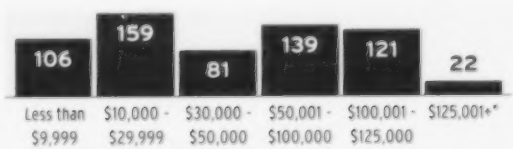
Projects of Many Sizes are Eligible for CFEP Grants

Grant Distribution by Size of Project
2005-06



* reflects multi-year funded projects

Grant Distribution by Size of Project
2004-05



* reflects multi-year funded projects

Core Business Three

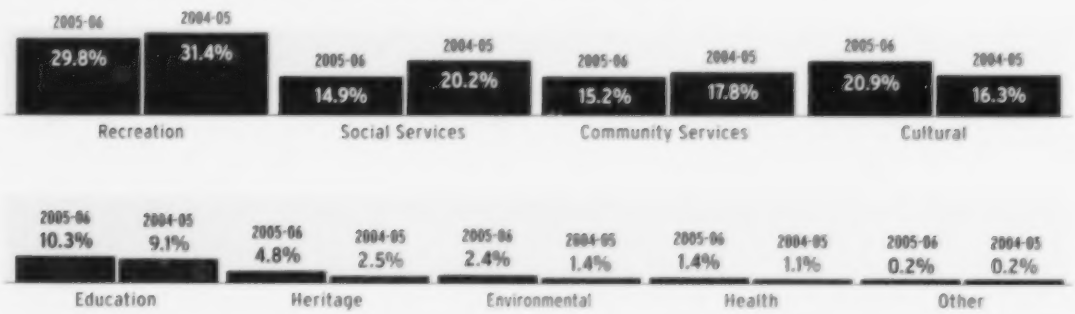
"Because of the Alberta Lottery funded CIP program and the Government of Alberta, the quality of life of Calgarians with disabilities will be greatly improved."

– Alberta Lottery Fund recipient

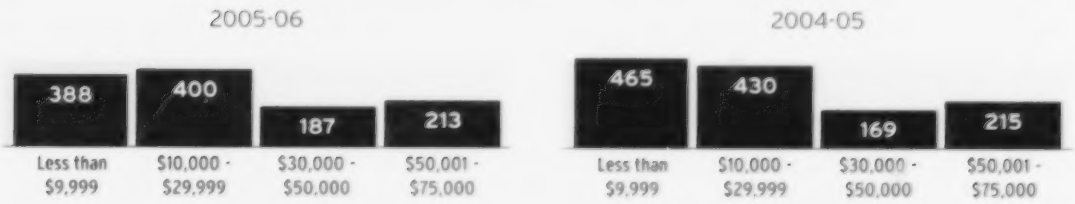
Community Initiatives Program (CIP)

Through the CIP program, matching grants up to $75,000 are provided for project-based initiatives in areas such as community services, seniors' services, libraries, arts and culture, sports, education, health and recreation. CIP is designed to support smaller projects and a broader range of initiatives than CFEP. In 2005-06, two thirds of grants totalling $30 million were for less than $20,000. In 2005-06, about 30 per cent of CIP grants were provided for recreation-related projects, enhancing the quality of life in Alberta's communities.

Use of CIP Grants 2005-06 and 2004-05 (per cent)



Number of CIP Projects Funded According to Size



A Friend to Booklovers in Southeastern Alberta

When their local library needed help, the Shortgrass Library System in Medicine Hat applied for and received a $75,000 grant from the Alberta Lottery Fund's Community Initiatives Program (CIP).

The CIP grant allowed Shortgrass to undertake a major upgrade of its integrated library system (computer equipment and software) which will enhance services to all library patrons in southeastern Alberta.

"CIP grants have made the difference between enhancing library services and just maintaining present services," says Harold Storlien, Chief Executive Officer of the Shortgrass Library System.

"Major projects require funding from many sources," Harold adds. "Our CIP grant served as the initial source of funds, which then resulted in other funding agencies contributing to our project."

Helping create vibrant, sustainable communities through grants from gaming revenues is an ongoing commitment of the Alberta Lottery Fund.

Core Business Three

Other Beneficiaries

Through the Racing Industry Renewal Initiative, the horse racing and breeding industry receive a portion of the proceeds from slot machines at racing entertainment centres (RECs) and the Stampede Casino in Calgary. The funds are used for racetrack operations, capital development, purse enhancements, as well as other purposes documented in Horse Racing Alberta's three-year business plan. Horse Racing Alberta received $41.6 million in 2005-06.

The net proceeds from electronic bingo at bingo association events flow back to the charities conducting the events. In 2005-06, this was almost $5 million, up from almost $3 million the previous year. The First Nations Development Fund is also a lottery-funded program that will benefit all Alberta's First Nations. Since no First Nations casino was in operation during 2005-06, no grant funding was distributed.

In 2005-06, the Alberta Lottery Fund provided $2.7 million to support seven regional fairs and exhibitions located in Lethbridge, Camrose, Grande Prairie, Lloydminster, Medicine Hat, Olds and Red Deer. The Alberta Lottery Fund also provided over $10 million each to the Calgary Exhibition and Stampede and Edmonton Northlands. These fairs and exhibitions provide opportunities for agricultural and trade exhibits throughout the province. In addition, $35 million each was provided to the Calgary Exhibition and Stampede and Edmonton Northlands for upgrades to the Roundup Centre facility in Calgary and a new exhibition facility in Edmonton.

To enable gaming research, $1.5 million from the Alberta Lottery Fund was provided to the Alberta Gaming Research Institute, a consortium of the University of Alberta, the University of Calgary, and the University of Lethbridge. The main aim of the Institute is to support academic research than can be used to formulate effective public policy. This is achieved through building research capacity at the partner universities, sponsoring specific research initiatives, organizing seminars and conference events, and disseminating information via the library and resource service program and other publication mechanisms, both print and electronic. The Institute sponsors research that falls within four broad domains: bio-physical and healthcare, socio-cultural, economic, and government and industry policy and practice. For more information, visit www.abgaminginstitute.ualberta.ca.

Fallen Four Memorial Society

Among the Alberta Lottery Fund's many beneficiaries this past year was the Fallen Four Memorial Society in Mayerthorpe. The Lottery Fund provided $300,000 to help build a memorial park to honor the four RCMP officers who lost their lives in March 2005 protecting their community.

Assistance for World Disasters

Not only does the Alberta Lottery Fund help support vibrant communities in Alberta, it also helps others less fortunate. For example, in October 2005, the Alberta government provided $5 million to help with Red Cross relief efforts in Pakistan and areas of India and Afghanistan devastated by an earthquake. Alberta also provided $5 million to help with recovery efforts in the U.S. Gulf Coast region following Hurricane Katrina.

"Albertans have a long history of responding to adversity with courage and compassion," says Gaming Minister Gordon Graydon. "The Alberta Lottery Fund has transcended borders to assist communities elsewhere in the world."

Core Business Three

New Awareness Campaign for the Lottery Fund

On December 13, 2005, a new awareness campaign, called 'Benefiting Your Community Right Now', was launched to inform Albertans about the Alberta Lottery Fund and its many benefits to the province. The campaign involved transit ads in seven communities and ice rink board advertising in 14 communities. Beginning March 2006, Ticketmaster ticket backs also displayed the same message.

ALBERTA
LOTTERY FUND
Benefiting
your community
right now.
www.albertalotteryfund.ca
Alberta
The Alberta Lottery Fund is benefiting your community right now. From the arts to sports and recreation to community development, the Alberta Lottery Fund adds to everyone's quality of life each and every day. When you see the Alberta Lottery Fund logo, you'll see funds at work.
Search for Alberta Lottery Fund projects and activities at www.albertalotteryfund.ca
Alberta

Core Business Three

Goal Five: Lottery Funds are effectively managed and support volunteer, public and community-based initiatives.

The Ministry is conscientious in ensuring that the Alberta Lottery Fund is allocated to support volunteer, public and community-based initiatives.

Key Measure 5a

	2005-06		2004-05		2003-04	2002-03	2001-02
	Target	Result	Target	Result	Result	Result	Result
Percentage of Alberta Lottery Fund disbursements committed to supporting volunteer groups, and public and community-based initiatives.	100%	100%	100%	100%	100%	100%	100%

Year after year, the result for this performance measure is consistently 100 per cent, demonstrating the Ministry's continuing commitment to allocating the Alberta Lottery Fund to support and enrich Alberta's communities. The results for this measure were obtained from the Alberta Lottery Fund Financial Statements in this annual report.

Key Measure 5b

	2005-06		2004-05		2003-04	2002-03	2001-02
	Target	Result	Target	Result	Result	Result	Result
Percentage of administration costs of lottery-funded programs administered by the Department of Gaming	Less than 2% of program disburse-ments	0.71%	Less than 2% of program disburse-ments	0.77%	0.92%	1.25%	1.23%

The Ministry is also committed to keeping the administration costs associated with its lottery-funded programs – such as CFEP, CIP, horse racing industry renewal, bingo associations, major fairs and exhibitions – as low as possible. The performance measure is the ratio of the administration costs to the funds provided through lottery-funded programs. Administration costs include staff salaries, benefits, supplies and service costs.

The results for 2005-06 demonstrate that administration costs were only 0.71 per cent of the total funding provided to these programs, significantly lower than the two per cent target. These costs (expressed as a percentage) have been on a downward trend over the past five years, with costs in 2005-06 decreasing almost 58 per cent since 2001-02.

The data required to report on this measure were obtained from Schedule 4 of the Department of Gaming financial statements included in this Annual Report.

Core Business Three

Goal Six: Albertans are aware of the initiatives supported by the Alberta Lottery Fund.

Albertans have expressed an interest in knowing how the ALF funds are used.

Key Measure 6a

	2005-06		2004-05		2003-04	2002-03	2001-02
	Target	Result	Target	Result	Result	Result	Result
Percentage of Albertans who are aware that the Alberta Lottery Fund supports volunteer groups, and public and community-based initiatives	63%	60%	48%*	62%	72%*	Comparative not available	Comparative not available

* New methodology was introduced for this performance measure in 2004-05. As a result, historical data are not comparable for 2002-03 and 2001-02. Results for 2003-04 were restated to reflect the new methodology.

Awareness levels have been decreasing. However, the Ministry was able to achieve an awareness level of 60 per cent, despite the influx of newcomers to the province. The current information campaign launched in December 2005 will help enhance awareness levels.

Funding from the Alberta Lottery Fund supports a wide range of community programs and activities across the province. The following key measure addresses the level of satisfaction with how lottery funds are being used.

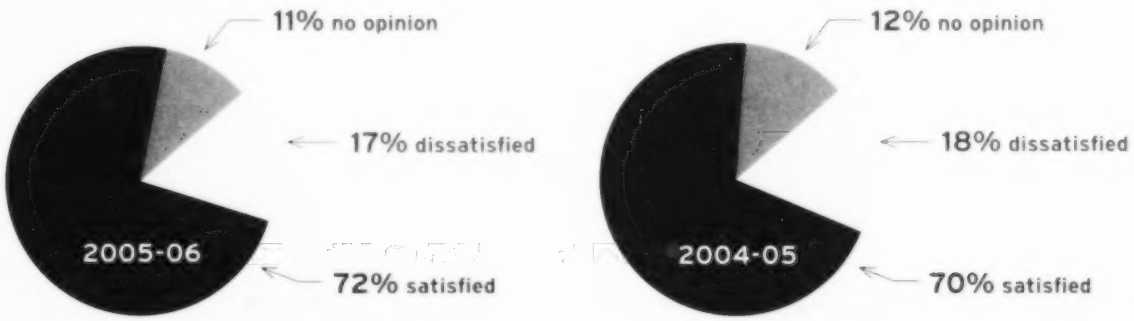
Key Measure 6b

	2005-06		2004-05		2003-04	2002-03	2001-02
	Target	Result	Target	Result	Result	Result	Result
Percentage of Albertans who are satisfied with how the Alberta Lottery Fund is used	70%	72%	73%	70%	68%	70%	73%

Core Business Three

After receiving a description of the Alberta Lottery Fund and how it is used, 72 per cent of respondents were satisfied with how the fund is used. This was higher than the level of satisfaction in the previous three years but one percentage point lower than the level of satisfaction in 2001-02.

Albertans are satisfied with how lottery funds are used.



Supplemental Information

When asked what charitable, non-profit and community-based initiatives should be supported through the Alberta Lottery Fund, respondents indicated the following:

	2005-06 Result	2004-05 Result	2003-04 Result	2002-03 Result
Community-based projects	83%	88%	88%	87%
Charitable organizations	84%	87%	87%	89%
Non-profit organizations	84%	86%	83%	85%
Public initiatives	67%	78%	73%	74%

Fewer Albertans supported the use of Lottery Fund revenues for public initiatives (67 per cent) compared to the previous year (78 per cent). Also fewer Albertans supported the use of Lottery Fund revenues by non-profit organizations (84 per cent), compared to the previous year (86 per cent). However, the levels of support for these two uses in 2004-05 were higher than in the years prior. During 2003-04, support for non-profit organizations was 83 per cent, similar to 2005-06. While support for public initiatives in 2003-04 was 73 per cent, lower than in 2004-05, the level of support for public initiatives in 2005-06 has dropped further to 67 per cent. These shifts will be closely monitored to determine any trends.

Core Business Three

Financial Results for Core Business Three - Alberta Lottery Fund

Financial Results (millions)	2005-06 Budget	2005-06 Actual	2004-05 Actual
Lottery-funded programs	$165.4	$234.3	$192.6
Lottery Fund payments to other ministries	$1,042.4	$1,233.7	$1,074.4
Expenses incurred by the core business	$1,208.3	$1,468.4	$1,267.3

The goal of Core Business Three is to ensure that Alberta communities benefit from the Alberta Lottery Fund. Many communities in the province have used lottery funds to help revitalize their community and enhance residents' quality of life. Albertans clearly have choices in adopting an urban or a rural lifestyle - and those choosing to live in smaller centres have many of the same opportunities now as those in larger centres. The Lottery Fund has helped contribute to an enviable quality of life for all Albertans.

Lottery-funded programs include the grant-funding programs administered by the Department of Gaming and related costs. In 2005-06, $234.3 million was provided, an increase of 22 per cent over the $192.6 million in 2004-05 and an increase of 42 per cent over the budgeted amount of $165.4 million.

Revenues from the Alberta Lottery Fund are allocated to programs in 13 other ministries/offices, in addition to Gaming's grant programs. Lottery fund payments to these other ministries/offices were $1,233.7 million, compared to $1,074.4 million the previous year, an increase of 15 per cent reflecting increased gaming revenues. Information on how the other ministries/offices used the lottery funds can be found in their respective annual reports.

The expenses incurred by the core business of $1.5 billion in 2005-06 include Gaming's lottery-funded programs and lottery fund payments to other ministries, as well as the costs of associated policy development and communications activities.

Helping Troubled Children in Calgary

All too frequently the children who come to Hull Child and Family Services feel helpless and believe their futures are hopeless; many are suicidal. Often they are society's disposable kids. Fortunately, Hull is there to help and Community Initiative Program (CIP) grants from the Alberta Lottery Fund help Hull.

Since 1962, Hull Child and Family Services has been serving Calgary's most severely disturbed and tragically abused kids. Beginning first as an agency offering residential treatment, Hull's focus was expanded to include home-based services such as in-home support and supported foster care. Today Hull provides an integrated continuum of services including specialized therapy, counselling and education. The agency helps children, youth, young adults and families who experience emotional and psychological disorders, behavioural problems, learning disabilities, mental illness, developmental delay, neglect and abuse, and family breakdown.

"I believe Hull is very fortunate to have access to CFEP and CIP grants from the Alberta Lottery Fund," says Lou Zaganelli, Director of Resource Development. "These dollars are critical to our efforts to provide services and resources to our special needs and at-risk kids and families."

The grants have helped Hull provide basic accommodation, specialized treatment facilities, park and recreation resources, vehicles and much more; the lives of many, many at-risk children and youth have been enhanced through these grants.

Funding for capital and program opportunities is always a challenge for non-profit agencies. The Alberta government tries to maximize the benefit of its funding through a matching commitment requirement.

"The matching commitment inspires and motivates other donors to contribute," Lou notes. "Bouquets to the Alberta Government for having the foresight and commitment to establish and maintain this program of funding support - it's vital to our survival, well-being and delivery of quality care."

Lou also has bouquets for his contact at the Ministry. "I believe that the province and the not-for-profit agencies in Southern Alberta are blessed to have Helen Wilson manage the administration of funds; she is very competent, thorough, responsive, respectful, helpful and a lovely person."

People who enjoy gaming don't always think about where their entertainment dollars go when they don't win the jackpot. Helping groups like Hull is a pretty good consolation prize.

Consolidated Financial Statements

MINISTRY OF GAMING

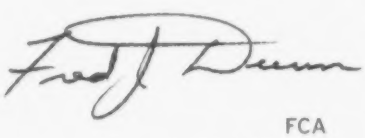
Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Gaming as at March 31, 2006 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Edmonton, Alberta
May 19, 2006

FCA
Auditor General

Ministry of Gaming

Consolidated Statement of Operations

(thousands of dollars)

Year ended March 31	2006 Budget (Note 3 and Schedule 2)	2006 Actual	2005 Actual
Revenues (Schedule 1)			
Net income from Alberta Gaming and Liquor Commission			
Lottery revenue	$ 1,201,533	$ 1,389,055	$ 1,259,692
Liquor revenue	559,961	596,715	566,691
Investment income	6,000	8,840	6,485
Other revenue	–	94	2,980
	1,767,494	1,994,704	1,835,848
Expenses – Directly Incurred (Note 2c and Schedule 5)			
Voted (Schedule 2)			
Ministry support services	2,197	1,633	1,561
Gaming research	1,600	1,533	1,551
Lottery funded programs	165,390	234,269	192,552
Lottery Fund payments to other Ministries	1,042,400	1,233,688	1,074,390
	1,211,587	1,471,123	1,270,054
Statutory			
Valuation adjustments			
Provision for vacation pay and overtime	–	65	2
Total expenses	1,211,587	1,471,188	1,270,056
Net operating results	$ 555,907	$ 523,516	$ 565,792

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Gaming

Consolidated Statement of Financial Position

(thousands of dollars)

March 31	2006	2005
Assets		
Cash (Note 3)	$ 104,613	$ 110,142
Accounts receivable and accrued interest	349	268
Equity in Alberta Gaming and Liquor Commission (Note 4)	262,476	212,557
	$ 367,438	$ 322,967
Liabilities		
Accounts payable and accrued liabilities	$ 114,477	$ 146,953
Net assets		
Net assets, beginning of year	176,014	192,164
Net operating results	523,516	565,792
Net transfer to General Revenues	(446,569)	(581,942)
Net assets, end of year	252,961	176,014
	$ 367,438	$ 322,967

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Gaming

ALBERTA LOTTERY FUND

Consolidated Statement of Cash Flows

(thousands of dollars)

Year ended March 31	2006	2005
Operating transactions		
Net operating results	$ 523,516	$ 565,792
Non-cash items included in net operating results:		
Valuation adjustments	65	2
Undistributed profit of Alberta Gaming and Liquor Commission	(49,919)	(23,881)
	473,662	541,913
Increase in accounts receivable	(81)	(162)
(Decrease) / Increase in accounts payable and accrued liabilities before valuation adjustments	(32,541)	69,759
Cash provided by operating transactions	441,040	611,510
Financing transactions		
Net transfer to General Revenues	(446,569)	(581,942)
(Decrease) / Increase in cash	(5,529)	29,568
Cash, beginning of year	110,142	80,574
Cash, end of year	$ 104,613	$ 110,142

The accompanying notes and schedules are part of these consolidated financial statements.

Ministry of Gaming

Notes to the Consolidated Financial Statements

MARCH 31, 2006

Note 1 Authority And Purpose

The Minister of Gaming (Minister) has, by the *Government Organization Act* and its regulations, been designated responsible for various Acts. To fulfill these responsibilities, the Minister is responsible for the organizations listed in Note 2(A). The authority under which each organization operates is also listed in Note 2(A). Together these organizations form the Ministry of Gaming (Ministry).

The purpose of the Ministry is to administer the Alberta Lottery Fund; to license, regulate and monitor liquor and gaming activities, as well as certain aspects of tobacco sales; to develop and communicate provincial gaming and liquor policy; and to administer certain lottery-funded programs.

Note 2 Summary Of Significant Accounting Policies And Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These consolidated financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries.

(A) REPORTING ENTITY

The reporting entity is the Ministry of Gaming. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible. These consolidated financial statements include the accounts of the Department of Gaming (*Government Organization Act*), the Lottery Fund (*Gaming and Liquor Act*), and the Alberta Gaming and Liquor Commission (*Gaming and Liquor Act*).

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer to General Revenues is the difference between all cash receipts and all cash disbursements made.

(B) BASIS OF CONSOLIDATION

The accounts of the Department and the Lottery Fund have been consolidated. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between the consolidated organizations are eliminated upon consolidation.

The accounts of the Alberta Gaming and Liquor Commission, which is designated as a commercial enterprise, are reported on the modified equity basis, the equity being computed in accordance with Canadian generally accepted accounting principles.

Notes to the Consolidated Financial Statements

MARCH 31, 2006

(Note 2 continued)

(C) BASIS OF FINANCIAL REPORTING

Revenues

All revenues are reported on the accrual basis of accounting.

Expenses

Directly incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- pension costs, which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments, represent the change in management's estimate of future payments arising from obligations relating to vacation pay and overtime.

Grants provided through the Lottery Funded Programs are recognized as an expense when the eligibility criteria for the grant program have been met and the application has been approved by the Minister or his designate.

Incurred by others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 5.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

Net assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Valuation of financial assets and liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable and accrued interest, and accounts payable and accrued liabilities are estimated to approximate their carrying values.

Ministry of Gaming

Notes to the Consolidated Financial Statements

MARCH 31, 2006

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2006, securities held by the CCITF have an average effective market yield of 3.96% per annum (March 31, 2005: 2.79% per annum).

Note 4 Equity In Alberta Gaming And Liquor Commission (AGLC)

(thousands of dollars)

	2006	2005
Equity in AGLC, beginning of year	$ 212,557	$ 188,676
Total revenues	23,695,635	21,979,168
Total expenses	(21,709,865)	(20,152,785)
Net transfer and other adjustments	(1,935,851)	(1,802,502)
Equity in AGLC, end of year	$ 262,476	$ 212,557

Note 5 Budget

The budget amounts, shown on the Statement of Operations, agree with the 2005-06 amounts for the Ministry of Gaming included in the Government and Lottery Fund Estimates that were approved under the *Appropriation Act* on June 2, 2005.

Notes to the Consolidated Financial Statements

MARCH 31, 2006

Note 6 Commitments

(thousands of dollars)

As at March 31, 2006, the Ministry has commitments for leased properties ranging from one to 26 years. Most of these properties have been subleased to third parties. The Ministry remains liable for the leases should the sublessors default on their obligations to the Ministry.

2006 - 2007	$ 1,972
2007 - 2008	1,801
2008 - 2009	1,274
2009 - 2010	1,108
2010 - 2011	928
Thereafter	3,223
	$ 10,306

Estimated future revenues to be derived from subleases amount to $5.9 million at March 31, 2006. Provision for loss has been made where the payments to be received on the subleases are less than the lease payments to be made.

The Ministry also has commitments for grants to various organizations ranging from one to eight years. The estimated payment requirements for each of the next five years and thereafter are:

2006 - 2007	$ 29,660
2007 - 2008	26,660
2008 - 2009	24,010
2009 - 2010	22,460
2010 - 2011	22,460
Thereafter	1,500
	$ 126,750

Ministry of Gaming

Notes to the Consolidated Financial Statements

MARCH 31, 2006

Note 7 Contingent Liabilities

For transactions to March 31, 2006, the Ministry is a defendant in eight legal claims (2005 - eleven legal claims). These claims have specified amounts totaling $143 million (2005 - nine claims with a specified amount of $140 million and two with no specified amount). Included in this total are three claims amounting to $103 million, in which the Ministry has been jointly named with others. The resulting loss, if any, from these claims cannot be determined.

The Ministry has a contingent liability in respect of a claim concerning the methodology used to calculate pension benefit payments under the Public Service Pension Plan (PSPP). The claim has been filed jointly and severally against the Province of Alberta and the employers participating in the PSPP. The claim specified an amount of $1.25 billion.

Note 8 Defined Benefit Plans

(thousands of dollars)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $2,760 for the year ended March 31, 2006 (2005 - $2,232). In addition, the Ministry contributes to the Western Canada Lottery Corporation (WCLC) Pension Plan. The Ministry's portion of the WCLC pension expense is $270 for the year ended March 31, 2006 (2005 - $215).

At December 31, 2005, the Management Employees Pension Plan reported a deficiency of $165,895 (2004 - deficiency $268,101) and the Public Service Pension Plan reported a deficiency of $187,704 (2004 - deficiency $450,068). At December 31, 2005, the Supplementary Retirement Plan for Public Service Managers had a surplus of $10,018 (2004 - surplus $9,404). The Ministry's portion of the WCLC deficiency as at March 31, 2006 is $1,022 (2005 - deficiency $26).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2006 the Bargaining Unit Plan reported an actuarial deficiency of $8,699 (2005 - deficiency $11,817) and the Management, Opted Out and Excluded Plan an actuarial surplus of $8,309 (2005 - surplus $3,208). The expense for these two plans is limited to the employer's annual contributions for the year.

Ministry of Gaming

Notes to the Consolidated Financial Statements

MARCH 31, 2006

Note 9 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Note 10 Approval Of Financial Statements

These consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister of Gaming.

Ministry of Gaming

Revenues

SCHEDULE 1 (thousands of dollars)

Year ended March 31	2006 Budget (Note 3)	2006 Actual	2005 Actual
Net income from commercial operations			
Lottery			
Video lottery terminal revenue	$ 575,089	$ 694,765	$ 636,687
Gaming terminal revenue	574,731	612,055	552,584
Ticket lottery revenue	198,228	204,783	183,178
	1,348,048	1,511,603	1,372,449
Cost of operations	(146,515)	(122,548)	(112,757)
	1,201,533	1,389,055	1,259,692
Liquor			
Liquor and related revenue	580,470	616,013	583,044
Cost of operations	(20,509)	(19,298)	(16,353)
	559,961	596,715	566,691
	1,761,494	1,985,770	1,826,383
Investment income			
Lottery fund interest revenue	6,000	8,840	6,485
Other revenue			
Refunds of grants and other expenses	–	94	2,980
Total revenues	$ 1,767,494	$ 1,994,704	$ 1,835,848

Ministry of Gaming

Expenses - Directly Incurred - Detailed by Object

SCHEDULE 2 (thousands of dollars)

Year ended March 31	2006 Budget	2006 Actual	2005 Actual
Voted expenses			
Salaries, wages and employee benefits	$ 2,833	$ 2,726	$ 2,360
Supplies and services	2,764	2,609	2,600
Grants	1,205,933	1,465,732	1,265,039
Financial transactions and other	57	56	55
Total voted expenses	1,211,587	1,471,123	1,270,054
Statutory			
Valuation adjustments			
Provision for vacation pay and overtime	–	65	2
	$ 1,211,587	$ 1,471,188	$ 1,270,056

Ministry of Gaming

Budget

SCHEDULE 3 (thousands of dollars)

Year ended March 31, 2006	Budget	Authorized Supplementary (a)	Authorized Budget
Revenues			
Net Income from Alberta Gaming and Liquor Commission			
Video lottery terminal revenue	$ 575,089	$ –	$ 575,089
Gaming terminal revenue	574,731	–	574,731
Ticket lottery revenue	198,228	–	198,228
Lottery operations	(146,515)	–	(146,515)
Liquor and related revenue	580,470	–	580,470
Liquor operations	(20,509)	–	(20,509)
Investment Income			
Lottery Fund interest revenue	6,000	–	6,000
	1,767,494	–	1,767,494
Expenses			
Voted expenses			
Ministry support services	2,197	–	2,197
Gaming research	1,600	–	1,600
Lottery funded programs	165,390	75,000	240,390
Lottery Fund payments to other Ministries	1,042,400	–	1,042,400
	1,211,587	75,000	1,286,587
Net operating results	$ 555,907	$ (75,000)	$ 480,907

(a) Supplementary Estimates were approved on December 1, 2005.

Ministry of Gaming

ALBERTA LOTTERY FUND

Related Party Transactions

SCHEDULE 4 (thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded in the Statement of Operations at the amount of consideration agreed upon between the related parties:

Year ended March 31	Other Entities 2006	Other Entities 2005
Expenses – Directly incurred		
Grants – Departments	$ 1,233,688	$ 1,074,390
Grants – Other Agencies	954	–
Other services	83	88
	$ 1,234,725	$ 1,074,478
Payable to Alberta Finance	$ 106,128	$ 66,672

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 5.

Year ended March 31	Other Entities 2006	Other Entities 2005
Expenses - Incurred by others		
Legal	$ 15	$ 18
Air Transportation	11	–
Vehicles	2	–
	$ 28	$ 18

Ministry of Gaming

Allocated Costs

SCHEDULE 5 (thousands of dollars)
Year ended March 31, 2006

Program	2006						2005
		Expenses – Incurred by Others					
	Expenses[1]	Legal Services[2]	Air Transportation	Vehicles	Valuation Adjustments[3]	Total Expenses	Total Expenses
Ministry support services	$ 1,633	$ 15	$ 11	$ 2	$ 43	$ 1,704	$ 1,579
Gaming research	1,533	–	–	–	–	1,533	1,551
Lottery funded programs	234,269	–	–	–	22	234,291	192,554
Lottery Fund payments to other Ministries	1,233,688	–	–	–	–	1,233,688	1,074,390
	$ 1,471,123	$ 15	$ 11	$ 2	$ 65	$ 1,471,216	$ 1,270,074

(1) Expenses – Directly incurred as per Consolidated Statement of Operations before valuation adjustments.

(2) Costs shown for Legal Services, per Schedule 4, are allocated to each program by estimated costs incurred.

(3) Valuation Adjustments, per Statement of Operations, are allocated to each program by employee.

Financial Statements

DEPARTMENT OF GAMING

Auditor's Report

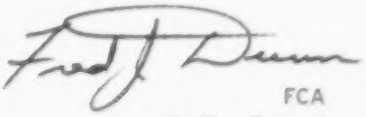
To the Minister of Gaming

AUDITOR GENERAL *Alberta*

I have audited the statement of financial position of the Department of Gaming as at March 31, 2006 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Edmonton, Alberta
May 19, 2006

FCA
Auditor General

Department of Gaming

ALBERTA LOTTERY FUND

Statement of Operations

(thousands of dollars)

Year ended March 31	2006 Budget (Note 4 and Schedule 3)	2006 Actual	2005 Actual
Revenues (Schedule 1)			
Internal government transfers	$ 725,094	$ 760,922	$ 759,522
Other revenue	–	94	1,936
	725,094	761,016	761,458
Expenses – Directly Incurred (Note 2b and Schedule 7)			
Voted (Schedules 2 and 4)			
Ministry support services	2,197	1,633	1,561
Gaming research	1,600	1,533	1,551
Lottery funded programs	165,390	234,269	192,552
	169,187	237,435	195,664
Statutory (Schedules 2 and 4)			
Valuation adjustments			
Provision for vacation pay and overtime	–	65	2
Total expenses	169,187	237,500	195,666
Net operating results	$ 555,907	$ 523,516	$ 565,792

The accompanying notes and schedules are part of these financial statements.

Department of Gaming

Statement of Financial Position

(thousands of dollars)

March 31	2006	2005
Assets		
Accounts receivable (Note 3)	$ 208,737	$ 203,732
Liabilities		
Accounts payable and accrued liabilities	$ 8,551	$ 80,493
Net assets		
Net assets, beginning of year	123,239	139,389
Net operating results	523,516	565,792
Net transfer to General Revenues	(446,569)	(581,942)
Net assets, end of year	200,186	123,239
	$ 208,737	$ 203,732

The accompanying notes and schedules are part of these financial statements.

Department of Gaming

ALBERTA LOTTERY FUND

Statement of Cash Flows

(thousands of dollars)

Year ended March 31	2006	2005
Operating transactions		
Net operating results	$ 523,516	$ 565,792
Non-cash items included in Net operating results:		
Valuation adjustments	65	2
	523,581	565,794
Increase in accounts receivables	(5,005)	(36,962)
(Decrease) / Increase in accounts payable and accrued liabilities before valuation adjustments	(72,007)	53,110
Cash provided by operating transactions	446,569	581,942
Financing transactions		
Net transfer to General Revenues	(446,569)	(581,942)
Cash, beginning of year	-	-
Cash, end of year	$ -	$ -

The accompanying notes and schedules are part of these financial statements.

Department of Gaming

Notes to the Financial Statements

MARCH 31, 2006

Note 1 Authority And Purpose

The Department of Gaming (Department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The purpose of the Department is to develop and communicate provincial gaming and liquor policy and to administer certain lottery-funded programs.

Note 2 Summary Of Significant Accounting Policies And Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(A) REPORTING ENTITY

The reporting entity is the Department of Gaming, which is part of the Ministry of Gaming (Ministry) and for which the Minister of Gaming (Minister) is accountable. The Minister is also responsible for the Alberta Gaming and Liquor Commission and the Lottery Fund, but their activities are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer to General Revenues is the difference between all cash receipts and all cash disbursements made.

(B) BASIS OF FINANCIAL REPORTING

Revenues

All revenues are reported on the accrual basis of accounting.

Internal government transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

ALBERTA LOTTERY FUND

Notes to the Financial Statements

MARCH 31, 2006

(Note 2 continued)

Expenses

Directly incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses include:

- pension costs which comprise the cost of employer contributions for current service of employees during the year; and
- valuation adjustments which represent the change in management's estimate of future payments arising from obligations relating to vacation pay and overtime.

Grants provided through the Lottery Funded Programs are recognized as an expense when the eligibility criteria for the grant program have been met and the application has been approved by the Minister or his designate.

Incurred by others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 7.

Assets

Financial assets of the Department are limited to financial claims, such as receivables from other organizations.

Liabilities

Liabilities represent all financial claims payable by the Department at fiscal year end.

Net assets

Net assets represent the difference between the carrying value of assets held by the Department and its liabilities.

Valuation of financial assets and liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values.

Department of Gaming

Notes to the Financial Statements

MARCH 31, 2006

Note 3 Accounts Receivable

Amounts are due from the Alberta Gaming and Liquor Commission and the Lottery Fund and are unsecured and non-interest bearing. The full amount of the receivable is considered collectible.

Note 4 Budget

The budget amounts, shown on the Statement of Operations, agree with the 2005-06 amounts for the Department of Gaming included in the Government and Lottery Fund Estimates that were approved under the *Appropriation Act* on June 2, 2005.

Note 5 Commitments

(thousands of dollars)

As of March 31, 2006, the Department has commitments for grants to various organizations ranging from one to eight years. The estimated payment requirements for each of the next five years and thereafter are:

2006 – 2007	$ 29,660
2007 – 2008	26,660
2008 – 2009	24,010
2009 – 2010	22,460
2010 – 2011	22,460
Thereafter	1,500
	$ 126,750

Notes to the Financial Statements

MARCH 31, 2006

Note 6 Contingent Liabilities

For transactions to March 31, 2006, the Department is a defendant in three legal claims (2005 - two legal claims). These claims have specified amounts totaling $124 million (2005 - $121 million). In all of these claims, the Department has been jointly named with others. The resulting loss, if any, from these claims cannot be determined.

Note 7 Defined Benefit Plans

(thousands of dollars)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $296 for the year ended March 31, 2006 (2005 - $215).

At December 31, 2005 the Management Employees Pension Plan reported a deficiency of $165,895 (2004 - deficiency $268,101) and the Public Service Pension Plan reported a deficiency of $187,704 (2004 - deficiency $450,068). At December 31, 2005, the Supplementary Retirement Plan for Public Service Managers had a surplus of $10,018 (2004 - surplus $9,404).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2006 the Bargaining Unit Plan reported an actuarial deficiency of $8,699 (2005 - deficiency $11,817) and the Management, Opted Out and Excluded Plan an actuarial surplus of $8,309 (2005 - surplus $3,208). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 8 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Department of Gaming

Revenues

SCHEDULE 1 (thousands of dollars)

Year ended March 31	2006 Budget	2006 Actual	2005 Actual
Internal government transfers			
Transfer from Alberta Gaming and Liquor Commission	$ 559,961	$ 596,715	$ 566,691
Transfer from Lottery Fund	165,133	164,207	192,831
	725,094	760,922	759,522
Other revenue			
Refunds of expenses	–	94	1,936
Total revenues	$ 725,094	$ 761,016	$ 761,458

Expenses - Directly Incurred - Detailed by Object

SCHEDULE 2 (thousands of dollars)

Year ended March 31	2006 Budget	2006 Actual	2005 Actual
Voted expenses			
Salaries, wages and employee benefits	$ 2,833	$ 2,726	$ 2,360
Supplies and services	2,764	2,609	2,600
Grants	163,533	232,044	190,649
Financial transactions and other	57	56	55
Total voted expenses	169,187	237,435	195,664
Statutory			
Valuation adjustments			
Provision for vacation pay and overtime	–	65	2
	$ 169,187	$ 237,500	$ 195,666

Department of Gaming

Budget

SCHEDULE 3 (thousands of dollars)

Year ended March 31, 2006	Budget (Note 4)	Authorized Supplementary (a)	Authorized Budget
Revenues			
Internal Government Transfers			
Contributions from the Lottery Fund	$ 165,133	$ 5,000	$ 170,133
Transfer from Alberta Gaming and Liquor Commission	559,961	–	559,961
	725,094	5,000	730,094
Expenses			
Voted expenses			
Ministry support services	2,197	–	2,197
Gaming research	1,600	–	1,600
Lottery funded programs	165,390	75,000	240,390
	169,187	75,000	244,187
Net operating results	$ 555,907	$ (70,000)	$ 485,907

(a) Supplementary Estimates were approved on December 1, 2005.

Department of Gaming

Comparison of Expenses – Directly Incurred and Statutory Expenses by Element to Authorized Budget

SCHEDULE 4 (thousands of dollars)

Year ended March 31, 2006		Budget	Authorized Supplementary (a)	Authorized Budget	Actual Expense (b)	Unexpended (Over Expended)
Voted Expenses						
1	Ministry Support Services					
1.0.1	Minister's Office	$ 355	$ –	$ 355	$ 353	$ 2
1.0.2	Deputy Minister's Office	354	–	354	269	85
1.0.3	Strategic Services	1,228	–	1,228	788	440
1.0.4	Communications	260	–	260	223	37
		2,197	–	2,197	1,633	564
2	Gaming Research					
2.0.1	Gaming Research – operating expense funded by lotteries	1,600	–	1,600	1,533	67
		1,600	–	1,600	1,533	67
3	Lottery Funded Programs					
3.0.1	Lottery Programs Administration	1,857	–	1,857	1,662	195
3.0.2	Community Facility Enhancement Program – operating expense funded by lotteries	38,500	–	38,500	38,500	–
3.0.3	Community Initiatives Program – operating expense funded by lotteries	30,000	–	30,000	30,000	–
3.0.4	Edmonton Northlands – operating expense funded by lotteries	10,350	–	10,350	10,350	–
	– operating expense	–	35,000	35,000	35,000	–
3.0.5	Calgary Exhibition and Stampede – operating expense funded by lotteries	10,350	–	10,350	10,350	–
	– operating expense	–	35,000	35,000	35,000	–

Department of Gaming

Comparison of Expenses - Directly Incurred and Statutory Expenses by Element to Authorized Budget (continued)

SCHEDULE 4 (thousands of dollars)

Year ended March 31, 2006		Budget	Authorized Supplementary (a)	Authorized Budget	Actual Expense (b)	Unexpended (Over Expended)
3.0.6	Major Exhibitions and Fairs – operating expense funded by lotteries	2,660	–	2,660	2,660	–
3.0.7	Racing Industry Renewal – operating expense funded by lotteries	45,000	–	45,000	41,599	3,401
3.0.8	Bingo Associations – operating expense funded by lotteries	8,000	(1,000)	7,000	4,475	2,525
3.0.9	First Nations Development Fund – operating expense funded by lotteries	4,000	(4,000)	–	–	–
3.0.10	Other Initiatives – operating expense funded by lotteries	14,673	–	14,673	14,673	–
3.0.11	Hurricane Katrina Relief – operating expense funded by lotteries	–	5,000	5,000	5,000	–
3.0.12	Pakistan Earthquake Relief – operating expense funded by lotteries	–	5,000	5,000	5,000	–
		165,390	75,000	240,390	234,269	6,121
Total voted expenses		$ 169,187	$ 75,000	$ 244,187	$ 237,435	$ 6,752
Operating expense		$ 4,054	$ 70,000	$ 74,054	$ 73,295	$ 759
Operating expense funded by lotteries		165,133	5,000	170,133	164,140	5,993
		$ 169,187	$ 75,000	$ 244,187	$ 237,435	$ 6,752
Statutory Expenses						
Valuation adjustments		$ –	$ –	$ –	$ 65	$ (65)

(a) Supplementary Estimates were approved on December 1, 2005.

(b) Includes achievement bonus amounting to $140

Department of Gaming

Salary and Benefits Disclosure

SCHEDULE 5

Year ended March 31	2006				2005
	Base Salary[1]	Other Cash Benefits[2]	Other Non-Cash Benefits[3]	Total	Total
Senior Official					
Deputy Minister[4]	$ 189,225	$ 46,677	$ 6,522	$ 242,424	$ 218,782
Executives					
Assistant Deputy Minister	136,328	19,928	29,620	185,876	157,860
Director – Strategic Services	96,405	11,793	21,582	129,780	113,305
Director – Lottery Funded Programs	93,340	5,851	22,383	121,574	105,914

Prepared in accordance with Treasury Board Directive 03/2004.

(1) Base salary includes regular base pay.

(2) Other cash benefits include bonuses, vacation payments, payments in place of pension participation, and lump sum payments.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships, and tuition fees.

(4) The incumbent's services are shared with the Alberta Gaming and Liquor Commission which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed on this schedule and the Alberta Gaming and Liquor Commission reflects its contribution to the cost in its financial statements. Automobile provided, no dollar amount included in other non-cash benefits figures.

Department of Gaming

Related Party Transactions

SCHEDULE 6 (thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded in the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between related parties:

Year ended March 31	Entities in the Ministry		Other Entities	
	2006	2005	2006	2005
Revenues				
Internal government transfers	$ 760,922	$ 759,522	$ –	$ –
Expenses – Directly incurred				
Other services	$ –	$ –	$ 83	$ 88
Grants – Other Agencies	–	–	954	–
	$ –	$ –	$ 1,037	$ 88
Receivable from	$ 208,737	$ 203,732	$ –	$ –
Payable to	$ –	$ –	$ –	$ –

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 7.

Year ended March 31	Entities in the Ministry		Other Entities	
	2006	2005	2006	2005
Expenses – Incurred by others				
Accommodation	$ 191	$ 108	$ –	$ –
Legal	–	–	15	18
Air Transportation	–	–	11	–
Vehicles	–	–	2	–
	$ 191	$ 108	$ 28	$ 18

Department of Gaming

Allocated Costs

SCHEDULE 7 (thousands of dollars)

Year ended March 31, 2006

Program	2006							2005
		Expenses – Incurred by Others						
	Expenses[1]	Accommodation[2]	Legal Services[3]	Air Transportation	Vehicles	Valuation Adjustments[4]	Total Expenses	Total Expenses
Ministry support services	$ 1,633	$ 73	$ 15	$ 11	$ 2	$ 43	$ 1,777	$ 1,618
Gaming research	1,533	–	–	–	–	–	1,533	1,551
Lottery funded programs	234,269	118	–	–	–	22	234,409	192,623
	$ 237,435	$ 191	$ 15	$ 11	$ 2	$ 65	$ 237,719	$ 195,792

[1] Expenses - Directly Incurred as per Statement of Operations excluding valuation adjustments.

[2] Costs shown for Accommodation, per Schedule 6, are allocated to each program by square footage.

[3] Costs shown for Legal Services, per Schedule 6, are allocated to each program by estimated costs incurred.

[4] Valuation Adjustments, per Statement of Operations, are allocated to each program by employee.

Financial Statements

ALBERTA GAMING AND LIQUOR COMMISSION

Auditor's Report

To the Members of the Alberta Gaming and Liquor Commission

AUDITOR GENERAL *Alberta*

I have audited the balance sheet of the Alberta Gaming and Liquor Commission as at March 31, 2006 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn

Edmonton, Alberta
May 12, 2006

FCA
Auditor General

Alberta Gaming and Liquor Commission

ALBERTA LOTTERY FUND

Balance Sheet

(thousands of dollars)

As at March 31	2006	2005
ASSETS		
Current Assets		
Cash (Note 3)	$ 138,346	$ 101,576
Accounts receivable	29,153	23,505
Prepaid expenses and inventories (Note 4)	10,755	7,953
	178,254	133,034
Property, Plant and Equipment (Note 5)	170,388	165,770
	$ 348,642	$ 298,804
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 82,512	$ 82,232
Due to the Alberta Lottery Fund (Note 7)	61,716	40,512
	144,228	122,744
Due to General Revenues (Note 8)	200,760	172,045
Provision for Loss on Leased Properties (Note 13)	3,654	4,015
	$ 348,642	$ 298,804

The accompanying notes are part of these financial statements.

Approved by:

BOARD

Julian J. Nowicki
Chairman of the Board

MANAGEMENT

Norman C. Peterson, CA
Chief Executive Officer

Alberta Gaming and Liquor Commission

Statement of Operations

(thousands of dollars)

For the year ended March 31	Budget 2006 (Note 9)	Actual 2006			Actual 2005
		Provincial Lotteries	Liquor and Other	Total	
REVENUE					
Gaming terminals	$ –	$ 11,036,721	$ –	$ 11,036,721	$ 10,351,241
Video lottery terminals		10,453,890	–	10,453,890	9,588,386
Liquor		–	1,655,594	1,655,594	1,550,201
Ticket lottery		508,195	–	508,195	454,549
Electronic bingo		28,188	–	28,188	21,862
		22,026,994	1,655,594	23,682,588	21,966,239
PRIZES AND COST OF PRODUCT					
Gaming terminals		10,172,734	–	10,172,734	9,570,545
Video lottery terminals		9,625,637	–	9,625,637	8,829,161
Liquor		–	1,052,628	1,052,628	980,086
Ticket lottery		258,414	–	258,414	230,965
Electronic bingo		18,616	–	18,616	14,678
		20,075,401	1,052,628	21,128,029	19,625,435
Gross Profit	2,342,382	1,951,593	602,966	2,554,559	2,340,804
Commissions and Federal Payments (Note 10)	(424,239)	(439,990)	–	(439,990)	(398,240)
Other Income (Note 11)	10,375	–	13,047	13,047	12,929
Operating Expenses (Note 12)	(167,024)	(122,548)	(19,298)	(141,846)	(129,110)
Net Operating Results	$ 1,761,494	$ 1,389,055	$ 596,715	$ 1,985,770	$ 1,826,383

Alberta Gaming and Liquor Commission

ALBERTA LOTTERY FUND

Statement of Cash Flows

(thousands of dollars)

For the year ended March 31	2006	2005
CASH FROM OPERATIONS		
Net operating results for the year	$ 1,985,770	$ 1,826,383
Decrease in provision for loss on leased properties	(361)	(469)
Amortization	38,601	35,591
(Gain) loss on disposal of property, plant and equipment	(350)	27
Net change in non-cash working capital balances	(8,170)	(14,813)
	2,015,490	1,846,719
REMITTANCES TO THE ALBERTA LOTTERY FUND	(1,367,851)	(1,248,503)
REMITTANCES TO GENERAL REVENUES	(568,000)	(554,000)
	79,639	44,216
CASH USED FOR INVESTMENT		
Purchase of property, plant and equipment	(43,847)	(31,050)
Proceeds on disposal of property, plant and equipment	978	60
	(42,869)	(30,990)
INCREASE IN CASH	36,770	13,226
CASH, beginning of year	101,576	88,350
CASH, end of year	$ 138,346	$ 101,576

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

MARCH 31, 2006

Note 1 Authority And Purpose

The Alberta Gaming and Liquor Commission (the Commission) operates under the authority of the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000.

The Commission conducts and manages provincial lotteries, carries out functions respecting gaming under the *Criminal Code* (Canada), and controls, in accordance with legislation, the manufacture, importation, sale and purchase of liquor for the Government of Alberta.

Amendments to the *Gaming and Liquor Act*, proclaimed June 24, 2002, allow the Commission to deduct operating expenses from the remittances to the Alberta Lottery Fund and General Revenues. The net proceeds, after the deduction of related operating expenses, arising from the conduct of authorized gaming terminal, video lottery, ticket lottery and electronic bingo in Alberta are remittable to the Alberta Lottery Fund. The net proceeds, after the deduction of related operating expenses, of liquor operations and other income are remittable to General Revenues.

Under the *Excise Tax Act* and Games of Chance (GST/HST) Regulations, the Commission is required to pay GST and Federal Tax on gaming operations. However, the Commission as a Crown agent of the Government of Alberta, has a tax-exempt status for its liquor and regulatory operations.

Alberta Gaming and Liquor Commission

ALBERTA LOTTERY FUND

Notes to the Financial Statements

MARCH 31, 2006

Note 2 Significant Accounting Policies And Reporting Practices

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles applied on a consistent basis. The preparation of financial statements for a period necessarily involves the use of estimates. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

JOINT VENTURE

Alberta's share of the operations of the Western Canada Lottery Corporation is accounted for as a joint venture using the proportionate consolidation method.

INVENTORIES

Supplies inventories are valued at weighted average cost which is not in excess of net replacement value.

Liquor inventory held on behalf of liquor suppliers or agents, and related duties and taxes, are not recorded in the financial statements.

VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated amortization. Amortization is calculated on the straight-line method at annual rates which will reduce the original cost to estimated residual value over the useful lives of the assets, as follows:

Buildings and leasehold improvements	2.5% or 10% (or lease term)
Gaming systems and equipment	10% or 33 1/3%
Video lottery and gaming terminals	14.3%
Furniture and equipment	10% or 20%
Retailer fixtures and signage	20%
Computer software	33 1/3%
Vehicles	20% or 33 1/3%

Property, plant and equipment are not amortized until the assets are put into use.

Notes to the Financial Statements

MARCH 31, 2006

(Note 2 continued)

PENSIONS

The Commission participates in multi-employer pension plans with related government entities.

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service related to prior years.

REVENUE AND EXPENSE RECOGNITION

Revenue from gaming terminals, video lottery terminals and electronic bingo is recognized at the time that play has been completed and all machine credits have been played or converted to cash. Prizes, commissions and federal payments related to gaming terminals, video lottery terminals and electronic bingo are recognized on the same basis as the related revenues.

On-line ticket lottery revenues are recognized at the date of the draw with instant ticket revenues being recognized at the date activated for sale by the retailer. Prizes, commissions and federal payments relating to ticket revenues are recognized on the same basis as the related revenues.

Revenue from the sale of liquor is recognized when goods are shipped and title has passed to the customer. Revenue received in advance of shipment is deferred and recognized when goods are shipped and title has passed to the customer. Cost of product sold related to liquor is recognized on the same basis as the related revenues.

ALLOCATION OF OPERATING EXPENSES

Operating expenses are allocated against provincial lottery revenue or liquor and other revenue, based on the nature of the expense.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2006, securities held by the Fund have an average effective market yield of 3.96% per annum (March 31, 2005: 2.79% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Note 4 Prepaid Expenses And Inventories

(thousands of dollars)

	2006	2005
Prepaid expenses	$ 3,490	$ 2,064
Gaming parts	6,550	5,130
Supplies	715	759
	$ 10,755	$ 7,953

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

MARCH 31, 2006

Note 5 Property, Plant And Equipment

(thousands of dollars)

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 4,113	$ –	$ 4,113	$ 4,113
Buildings and leasehold improvements	52,363	40,650	11,713	11,789
Gaming systems and equipment	52,323	40,082	12,241	10,923
Gaming terminals	146,654	68,992	77,662	59,998
Video lottery terminals	81,073	29,362	51,711	63,345
Furniture and equipment	36,015	30,680	5,335	5,829
Retailer fixtures and signage	8,896	7,553	1,343	999
Computer software	16,162	10,395	5,767	7,979
Vehicles	2,822	2,319	503	795
	$ 400,421	$ 230,033	$ 170,388	$ 165,770

Note 6 Defined Benefit Plans

(thousands of dollars)

The Commission participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Commission also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $2,464 for the year ended March 31, 2006 (2005 - $2,017). The Commission's portion of the Western Canada Lottery Corporation pension expense is $270 for the year ended March 31, 2006 (2005 - $215).

At December 31, 2005, the Management Employees Pension Plan reported a deficiency of $165,895 (2004 - $268,101) and the Public Service Pension Plan reported a deficiency of $187,704 (2004 - $450,068). At December 31, 2005, the Supplementary Retirement Plan for Public Service Managers had a surplus of $10,018 (2004 - $9,404). The Commission's portion of the Western Canada Lottery Corporation deficiency as at March 31, 2006 is $1,022 (2005 - $26).

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

MARCH 31, 2006

Note 7 Due To The Alberta Lottery Fund

(thousands of dollars)

This amount represents the portion of the revenues from provincial lottery operations which has not been remitted to the Alberta Lottery Fund.

Due to the Alberta Lottery Fund, beginning of year	$ 40,512	$ 29,323
Remittable to the Alberta Lottery Fund	1,389,055	1,259,692
Remittances to the Alberta Lottery Fund	(1,367,851)	(1,248,503)
Due to the Alberta Lottery Fund, end of year	$ 61,716	$ 40,512

Note 8 Due To General Revenues

(thousands of dollars)

Due to General Revenues reflects the outstanding balance due to General Revenues from liquor operations and other income, as follows:

Due to General Revenues, beginning of year	$ 172,045	$ 159,354
Net operating results for the year	1,985,770	1,826,383
Remittable to the Alberta Lottery Fund	(1,389,055)	(1,259,692)
Remittances to General Revenues	(568,000)	(554,000)
Due to General Revenues, end of year	$ 200,760	$ 172,045

Amounts due to General Revenues are unsecured, non-interest bearing and have no specific terms of repayment.

Alberta Gaming and Liquor Commission

ALBERTA LOTTERY FUND

Notes to the Financial Statements

MARCH 31, 2006

Note 9 Budget

The Commission, in its annual business plan, includes its annual budget on a summarized basis. The summarized budget receives approval by the Minister of Gaming and becomes part of the estimates of the Government. The Government Estimates are approved by the Legislature.

Note 10 Commissions And Federal Payments

(thousands of dollars)

	2006	2005
Commissions		
Gaming terminals:		
- Operators	$ 127,935	$ 115,573
- Charities	119,997	107,965
Video lottery terminals	124,154	113,816
Ticket lottery	34,665	30,604
Electronic bingo	2,872	2,155
	409,623	**370,113**
Federal Tax Expenses (a)		
Gaming terminals	10,456	9,385
Video lottery terminals	9,334	8,722
Ticket lottery	3,830	3,608
Electronic bingo	244	218
	23,864	21,933
Payment to Federal Government (b)	6,503	6,194
	$ 439,990	**$ 398,240**

(a) Taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) on gaming terminal, video lottery, ticket lottery and electronic bingo sales based on a prescribed formula. This tax is in addition to the GST paid on the purchase of goods and services for which credit is denied under the formula.

(b) This payment represents the Province of Alberta's share of payments to the Government of Canada as a result of an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment is made by the Western Canada Lottery Corporation on behalf of Alberta, and is based on current population statistics and its share of ticket lottery sales.

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

MARCH 31, 2006

Note 11 Other Income

(thousands of dollars)

	2006	2005
Licences and permits	$ 5,831	$ 5,860
Interest revenue	3,950	2,337
Premises rental revenue	764	753
Liquor levies	707	468
Miscellaneous	678	2,718
Retailer service fees	588	561
Gain (loss) on disposal of property, plant and equipment	350	(27)
Fines and violations	179	259
	$ 13,047	$ 12,929

Note 12 Operating Expenses

(thousands of dollars)

	2006	2005
Salaries and benefits	$ 42,381	$ 37,774
Amortization	38,601	35,591
Leased gaming terminals	15,706	13,334
Data communications	9,903	8,830
Ticket printing	6,819	6,454
Media and media production	6,727	7,796
Equipment and vehicles	5,553	5,821
Fees and services	3,521	2,521
Travel and training	2,552	2,101
Property	2,539	2,393
Insurance and bank charges	1,002	1,005
Data processing	1,583	1,286
Retailer relations	1,388	876
Stationery and supplies	1,308	1,282
Freight and product delivery	1,204	1,134
Miscellaneous	848	676
Presentations and publications	123	154
Product expense	94	85
Overhead and other	(6)	(3)
	$ 141,846	**$ 129,110**

Alberta Gaming and Liquor Commission

ALBERTA LOTTERY FUND

Notes to the Financial Statements

MARCH 31, 2006

Note 13 Commitments

(thousands of dollars)

The Commission has a number of lease obligations, including regional offices, gaming warehouses and former retail liquor stores that operate under lease arrangements with terms ranging from one to 26 years. Most of these former properties have been subleased to third parties. The Commission remains liable for the leases should the sublessor default on their obligations to the Commission. The Commission's future minimum lease payments, including its proportionate share of the Western Canada Lottery Corporation commitments, is summarized as follows:

Fiscal	2006-07	$ 1,972
	2007-08	1,801
	2008-09	1,274
	2009-10	1,108
	2010-11	928
Balance to expiry		3,223
		$ 10,306

Estimated future revenues to be derived from subleases amount to $5.9 million at March 31, 2006. Provision for loss on leased properties has been made where the payments to be received on the sub-leases are less than the lease payments to be made.

Note 14 Contingencies

For transactions to March 31, 2006 the Commission is a defendant in 8 legal claims (2005 - 11 legal claims) having specified amounts totaling $143 million (2005 - 9 claims with specified amounts totaling $140 million, and 2 with no specified amount). Included in the total claims are 5 claims in which the Commission has been jointly named with other entities.

The Commission has a contingent liability in respect of a claim concerning the methodology used to calculate pension benefit payments under the Public Service Pension Plan (PSPP). The claim has been filed jointly and severally against the Province of Alberta and the employers participating in the PSPP. The claim specified an amount of $1.25 billion.

The resulting loss, if any, from these claims cannot be determined.

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

MARCH 31, 2006

Note 15 Salaries And Benefits

(thousands of dollars)

	2006				2005
	Base Salary (a)	Other Cash Benefits (b)	Other Non-Cash Benefits (c)	Total	Total
Senior Officers					
Chairman (d)	$ 223	$ 62	$ 9	$ 294	$ 134
CEO (e)	95	23	3	121	109
Board Members	101	–	–	101	82
Executives					
Executive Director, Regulatory	135	27	30	192	159
Executive Director, Gaming Products and Services	135	22	30	187	159
Executive Director, Information Systems	112	22	26	160	137
Executive Director, Finance & Administration	112	16	25	153	130

(a) Base salary includes regular base pay.

(b) Other cash benefits includes bonuses, vacation payouts, payments in place of pension participation, and lump sum payments.

(c) Other non-cash benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability, professional memberships, and tuition fees.

(d) The Chairman was appointed December 1, 2004.

(e) The Deputy Minister for Gaming also serves as the CEO of the Alberta Gaming and Liquor Commission. A portion of the Deputy Minister's salary is allocated to the Alberta Gaming and Liquor Commission, representing the proportionate amount of time the Deputy Minister spends on Commission business. Full salary and benefits are disclosed in the Department of Gaming financial statements. Previous to December 1, 2004, the CEO also served as Chairman.

Alberta Gaming and Liquor Commission

ALBERTA LOTTERY FUND

Notes to the Financial Statements

MARCH 31, 2006

Note 16 Joint Venture – Ticket Lottery Operations

(thousands of dollars)

The joint venture conducted by Western Canada Lottery Corporation is accounted for using the proportionate consolidation method. The Commission has included in its accounts the following aggregate amounts:

	2006	2005
Balance Sheet		
Current assets	$ 34,252	$ 24,490
Property, plant and equipment	9,024	10,440
	$ 43,276	**$ 34,930**
Current liabilities	$ 22,012	$ 18,332
Investment in joint venture	21,264	16,598
	$ 43,276	**$ 34,930**
Statement of Operations		
Gross profit	$ 204,877	$ 183,379
Operating expenses	(25,566)	(25,852)
Net operating results	$ 179,311	$ 157,527
Statement of Cash Flows		
Cash from operations	$ 183,057	$ 163,024
Cash used for investment	$ 796	$ 2,278

Alberta Gaming and Liquor Commission

Notes to the Financial Statements

MARCH 31, 2006

Note 17 Related Party Transactions

(thousands of dollars)

The Commission has the following transactions with Government of Alberta departments for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. The amounts are not included in the financial statements.

Division	2006 Expenses – Incurred by Others (a)				2005
	Accommodation Costs (b)	Legal Services (c)	Internal Audit (d)	Total Expenses	Total Expenses
Regulatory	$ –	$ 136	$ –	$ 136	$ 55
Finance and Administration	1	62	61	124	17
Commission Office	–	29	–	29	26
Gaming Products and Services	–	16	–	16	21
Social Responsibility	–	5	–	5	–
	$ 1	$ 248	$ 61	$ 310	$ 119

(a) Costs incurred by Alberta Infrastructure and Transportation, Alberta Justice and Corporate Internal Audit Services on behalf of the Alberta Gaming and Liquor Commission.

(b) Net costs for accommodation in St. Albert.

(c) Costs for legal services allocated on hours of service provided.

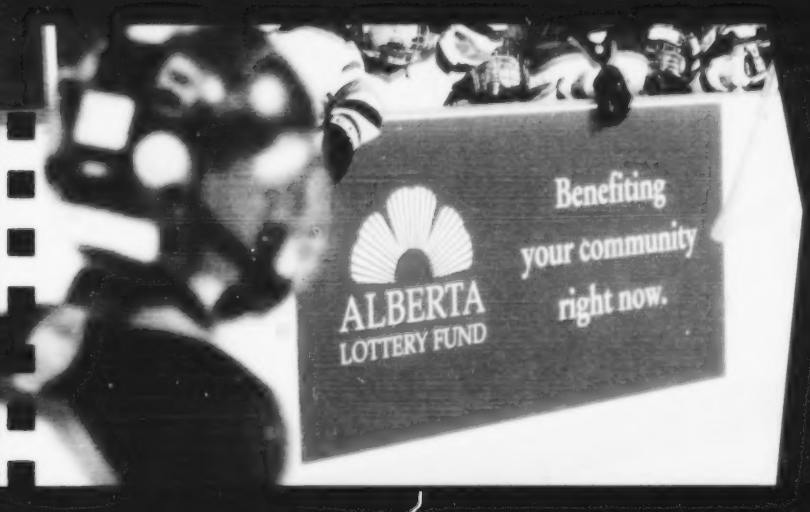
(d) Costs for dedicated internal audit services provided.

The Commission also had the following transactions with Government of Alberta departments recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

Restructuring and Government Efficiency	$ 233
Risk Management and Insurance	184
Alberta Infrastructure and Transportation	18
	$ 435

Note 18 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.



Financial Statements

LOTTERY FUND

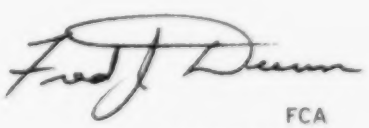
Auditor's Report

To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheet of the Lottery Fund as at March 31, 2006 and the statement of revenue, expenditure and fund equity for the year then ended. These financial statements are the responsibility of the management of the Lottery Fund. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Lottery Fund as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Edmonton, Alberta
May 12, 2006

FCA
Auditor General

Alberta Lottery Fund

Balance Sheet

(thousands of dollars)

As at March 31	2006	2005
Assets		
Cash (Note 3)	$ 104,613	$ 110,142
Due from Alberta Gaming and Liquor Commission (Note 4)	61,716	40,512
	$ 166,329	150,654
Liabilities And Fund Equity		
Accounts payable (Note 5)	$ 113,554	$ 97,879
Fund equity	52,775	52,775
	$ 166,329	$ 150,654

The accompanying notes are part of these financial statements.

Approved by:

BOARD

Julian J. Nowicki
Chairman of the Board
Alberta Gaming and Liquor Commission

MANAGEMENT

Norman C. Peterson, CA
Chief Executive Officer
Alberta Gaming and Liquor Commission

Alberta Lottery Fund

Statement of Revenue, Expenditure and Fund Equity

(thousands of dollars)

For the year ended March 31	Budget 2006 (Note 22)	Actual 2006	Actual 2005
Revenue			
Proceeds from lottery operations (Note 6)	$ 1,201,533	$ 1,389,055	$ 1,259,692
Interest	6,000	8,840	6,485
Grant recoveries	–	–	1,044
	1,207,533	1,397,895	1,267,221
Expenditure			
Transfers to Departments			
Advanced Education (Note 7)	21,000	21,000	20,700
Agriculture, Food and Rural Development (Note 8)	22,220	22,220	16,620
Children's Services (Note 9)	34,000	34,000	30,000
Community Development (Note 10)	99,527	99,527	85,806
Economic Development (Note 11)	–	–	14,100
Education (Note 12)	69,600	69,600	66,700
Environment (Note 13)	500	500	–
Gaming (Note 14)	165,133	164,207	192,831
Health and Wellness (Note 15)	205,291	205,291	209,274
Human Resources and Employment (Note 16)	11,769	11,769	20,233
Infrastructure and Transportation (Note 17)	394,000	394,000	325,000
Innovation and Science (Note 18)	60,238	60,238	69,285
Municipal Affairs (Note 19)	24,000	24,000	24,000
Restructuring and Government Efficiency (Note 20)	–	–	41,000
Support to the Legislative Assembly (Note 21)	415	415	–
Contingency Allowance / Alberta Sustainability Fund	99,840	291,128	151,672
	1,207,533	1,397,895	1,267,221
Excess of revenue over expenditure for the year	–	–	–
Fund equity at beginning of year	52,775	52,775	52,775
Transfers to General Revenues	–	–	–
Fund equity at end of year	$ 52,775	$ 52,775	$ 52,775

Alberta Lottery Fund

Notes to the Financial Statements

MARCH 31, 2006

Note 1 Authority And Purpose

The Lottery Fund is administered by the Alberta Gaming and Liquor Commission under the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000. The Lottery Fund receives the proceeds from lottery operations (see Note 6) and makes payments therefrom in the public interest in order to support thousands of volunteer, public and community-based initiatives.

The *Appropriation Act*, 2005 authorized payments from the Lottery Fund as approved in the 2005-2006 Estimates, and provided for flexibility in the amount applied from the Lottery Fund towards Contingency Allowance / Alberta Sustainability Fund so that the net revenue of the Lottery Fund would be zero at the year ended March 31, 2006.

The accountability and utilization of Lottery Fund amounts transferred to entities within the Government of Alberta may be determined and confirmed by referencing the respective departmental financial statements.

Note 2 Significant Accounting Policies

CASH FLOWS

A statement of cash flows is not provided as disclosure in these financial statements is considered to be adequate.

VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accounts payable are estimated to approximate their carrying values.

Alberta Lottery Fund

Notes to the Financial Statements

MARCH 31, 2006

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2006, securities held by the Fund have an average effective market yield of 3.96% per annum (March 31, 2005: 2.79% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Note 4 Due From The Alberta Liquor And Gaming Commission

(thousands of dollars)

This amount represents the portion of the revenues from lottery operations which has not been remitted by the Alberta Gaming and Liquor Commission (AGLC).

	2006	2005
Due from AGLC, beginning of year	$ 40,512	$ 29,323
Remittable from AGLC	1,389,055	1,259,692
Remittances from AGLC	(1,367,851)	(1,248,503)
Due from AGLC, end of year	$ 61,716	$ 40,512

Note 5 Accounts Payable

Accounts payable consists primarily of outstanding payments to the Department of Finance for the Contingency Allowance / Alberta Sustainability Fund, with the balance representing outstanding net payments to the Department of Gaming.

Alberta Lottery Fund

Notes to the Financial Statements

MARCH 31, 2006

Note 6 Proceeds From Lottery Operations

(thousands of dollars)

Proceeds of provincial lotteries received by the Alberta Gaming and Liquor Commission are recorded as revenue of the Fund after the deduction of related operating expenses.

	2006	2005
Income from video lottery	$ 694,765	$ 636,687
Income from gaming terminals	605,599	547,773
Income from ticket lottery	204,783	183,178
Income from electronic bingo	6,456	4,811
Less operating expenses	(122,548)	(112,757)
Proceeds from lottery operations	$ 1,389,055	$ 1,259,692

Note 7 Advanced Education

(thousands of dollars)

Transfers to support post-secondary education:

	2006	2005
Community Education	$ 15,600	$ 15,300
Achievement Scholarships	3,100	3,100
Learning Television	2,300	2,300
	$ 21,000	$ 20,700

Alberta Lottery Fund

Notes to the Financial Statements

MARCH 31, 2006

Note 8 Agriculture, Food And Rural Development

(thousands of dollars)

Transfers made to enhance improvement in agriculture, horticulture, and the quality of life in the agricultural community:

	2006	2005
Agricultural Initiatives	$ 11,620	$ 11,620
Agricultural Service Boards	10,600	5,000
	$ 22,220	$ 16,620

Note 9 Children's Services

(thousands of dollars)

Transfers made to support the family and community in Alberta:

	2006	2005
Family and Community Support Services	$ 30,000	$ 30,000
Prevention of Family Violence and Bullying	4,000	–
	$ 34,000	$ 30,000

Alberta Lottery Fund

Notes to the Financial Statements

MARCH 31, 2006

Note 10 Community Development

(thousands of dollars)

Transfers made to support culture and multiculturalism, sports and recreation and municipal initiatives in Alberta comprise:

	2006	2005
Foundation for the Arts	$ 32,534	$ 30,034
Centennial Legacy Grants	30,000	13,000
Alberta Sport, Recreation, Parks and Wildlife Foundation	17,670	17,670
Wild Rose Foundation	7,766	7,766
Alberta Historical Resources Foundation	7,087	6,946
Hosting Major Athletic Events	2,175	1,800
Human Rights, Citizenship and Multiculturalism Education Fund	1,265	1,265
Cultural Facilities and Historical Resources Grants	1,030	1,030
Volunteer Services	–	3,580
Arts Development	–	1,503
Sport and Recreation	–	1,212
	$ 99,527	$ 85,806

Note 11 Economic Development

(thousands of dollars)

Transfers made to support tourism in the province:

	2006	2005
Tourism Marketing	$ –	$ 10,700
Tourism Services and Development	–	3,400
	$ –	$ 14,100

Alberta Lottery Fund

Notes to the Financial Statements

MARCH 31, 2006

Note 12 Education

(thousands of dollars)

Transfers to support primary education:

School Support – Transportation Subsidies	$	61,300	$	60,400
High Speed Networking		6,000		4,000
Learning Television		2,300		2,300
	$	69,600	$	66,700

Note 13 Environment

(thousands of dollars)

Transfers to support environmental awareness:

Educational Awareness	$	500	$	–

Alberta Lottery Fund

Notes to the Financial Statements

MARCH 31, 2006

Note 14 Gaming

(thousands of dollars)

Transfers made to support gaming research, community initiatives and the volunteer sector throughout Alberta:

Racing Industry Renewal	$	41,599	$	39,693
Community Facility Enhancement Program		38,500		39,500
Community Initiatives Program		30,000		30,000
Other Initiatives		14,673		16,838
Calgary Exhibition and Stampede		10,350		7,100
Edmonton Northlands		10,350		7,100
Hurricane Katrina Relief		5,000		–
Pakistan Earthquake Relief		5,000		–
Bingo Associations		4,475		2,740
Major Fairs and Exhibitions		2,660		42,660
Alberta Gaming Research Institute		1,500		1,500
Alberta Gaming Research Council		100		100
Southeast Asia Tsunami Relief		–		5,000
Edmonton Oilers Ticket Lottery		–		300
Calgary Flames Ticket Lottery		–		300
	$	164,207	$	192,831

Note 15 Health And Wellness

(thousands of dollars)

The following transfers were made in support of health and wellness initiatives, including Alberta Alcohol and Drug Abuse Commission:

Human Tissue and Blood Services	$	130,000	$	137,000
Alberta Alcohol and Drug Abuse Commission		62,916		54,749
Health Services Research		5,175		5,325
Community-Based Health Services		5,000		10,000
Aboriginal Health Strategies		2,200		2,200
	$	205,291	$	209,274

Alberta Lottery Fund

Notes to the Financial Statements

MARCH 31, 2006

Note 16 Human Resources And Employment

(thousands of dollars)

Transfers made to assist in job creation and to support the disabled, summer students and immigrants in their search for employment:

Summer Temporary Employment Program	$	8,195	$	7,722
Immigrant Support Services		3,574		3,600
Disability Related Employment Support		–		8,911
	$	11,769	$	20,233

Note 17 Infrastructure And Transportation

(thousands of dollars)

Transfers made to enhance support facilities for health care, education, transportation partnerships and water management:

Health Care Facilities	$	140,000	$	23,000
School Facilities		58,000		22,000
Rural Transportation Partnerships		50,000		50,000
Alberta Cities Transportation Partnerships		35,000		35,000
Street Improvement Program		25,000		25,000
Municipal Water and Wastewater Grants		25,000		25,000
Water Management Infrastructure		20,000		20,000
Provincial Highways		20,000		–
Post-Secondary Facilities		16,000		81,500
Infrastructure Canada / Alberta Program		5,000		5,000
Centennial Projects		–		20,000
Centennial Legacy Grants		–		12,500
Seniors' Lodges		–		6,000
	$	394,000	$	325,000

Alberta Lottery Fund

Notes to the Financial Statements

MARCH 31, 2006

Note 18 Innovation And Science

(thousands of dollars)

Transfers to support scientific and communication initiatives, including improved internet access, in Alberta comprise:

Alberta Science and Research Investment Program	$	22,453	$	33,495
Alberta Energy Research Institute		15,530		14,595
Life Sciences		11,635		11,185
Informatics Circle of Research Excellence		10,620		10,010
	$	60,238	$	69,285

Note 19 Municipal Affairs

(thousands of dollars)

Transfers made to enhance support for municipal initiatives in Alberta comprise:

Unconditional Municipal Grants	$	12,000	$	12,000
Municipal Sponsorship		12,000		12,000
	$	24,000	$	24,000

Note 20 Restructuring And Government Efficiency

(thousands of dollars)

Transfers made to assist in the construction of the Supernet:

Alberta Supernet	$	–	$	41,000

Alberta Lottery Fund

Notes to the Financial Statements

MARCH 31, 2006

Note 21 Support To The Legislative Assembly

(thousands of dollars)

Transfers made to support the Legislative Assembly:

	2006	2005
Legislative Assembly Centennial Programs	$ 415	$ –

Note 22 Budget

The 2006 budgeted expenditures were authorized in total by the *Appropriation Act*, 2005 on June 2, 2005. On December 1, 2005 the *Appropriation (Supplementary Supply) Act*, 2005 (No. 2) allowed for an additional $5 million to be paid from the Lottery Fund for the fiscal year ended March 31, 2006.

Note 23 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Alphabetical List of Entities' Financial Statements in Ministry 2005-06 Annual Reports

Entities Included In The Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Access to the Future Fund[1]	Advanced Education
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Local Authorities Pension Plan Corporation[2]	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Seniors and Community Supports
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Services Inc.	Finance

1 Established July 10, 2005.
2 Incorporated December 16, 2005.

Alphabetical List of Entities' Financial Statements in Ministry 2005-06 Annual Reports

Entities Included In The Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Child and Family Services Authorities: Calgary and Area Child and Family Services Authority Central Alberta Child and Family Services Authority East Central Alberta Child and Family Services Authority Edmonton and Area Child and Family Services Authority North Central Alberta Child and Family Services Authority Northeast Alberta Child and Family Services Authority Northwest Alberta Child and Family Services Authority Southeast Alberta Child and Family Services Authority Southwest Alberta Child and Family Services Authority Metis Settlements Child and Family Services Authority	Children's Services
Credit Union Deposit Guarantee Corporation	Finance
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Advanced Education	Advanced Education
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Advanced Education	Advanced Education
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development

[1] Ministry includes only the departments so separate departmental financial statements are not necessary.

Alphabetical List of Entities' Financial Statements in Ministry 2005-06 Annual Reports

Entities Included In The Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Education	Education
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Executive Council[1]	Executive Council
Ministry of Finance	Finance
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure and Transportation[1]	Infrastructure and Transportation
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Restructuring and Government Efficiency[1]	Restructuring and Government Efficiency
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Solicitor General and Public Security	Solicitor General and Public Security
Ministry of Sustainable Resource Development	Sustainable Resource Development
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards: Calgary Region Community Board Central Region Community Board Edmonton Region Community Board Northeast Region Community Board Northwest Region Community Board South Region Community Board	Seniors and Community Supports
Persons with Developmental Disabilities Provincial Board	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Safety Codes Council	Municipal Affairs
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Community Development

1. Ministry includes only the departments so separate departmental financial statements are not necessary.

Alphabetical List of Entities' Financial Statements in Ministry 2005-06 Annual Reports

Entities Not Included In The Consolidated Government Reporting Entity

Fund or Agency	Ministry Annual Report
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

School, Universities, Colleges And Hospitals Included In The Consolidated Government Reporting Entity On A Modified Equity Basis[1]

ALBERTA LOTTERY FUND

School Boards and Schools	*Ministry Annual Report*
Almadina School Society	Education
Aspen View Regional Division No. 19	Education
Aurora School Ltd.	Education
Battle River Regional Division No. 31	Education
Black Gold Regional Division No. 18	Education
Boyle Street Education Centre	Education
Buffalo Trail Public Schools Regional Division No. 28	Education
Calgary Arts Academy Society	Education
Calgary Girls' School Society	Education
Calgary Roman Catholic Separate School District No. 1	Education
Calgary School District No. 19	Education
Calgary Science School Society	Education
Canadian Rockies Regional Division No. 12	Education
CAPE-Centre for Academic and Personal Excellence Institute	Education
Chinook's Edge School Division No. 73	Education
Christ the Redeemer Catholic Separate Regional Division No. 3	Education
Clearview School Division No. 71	Education
East Central Alberta Catholic Separate Schools Regional Division No. 16	Education
East Central Francophone Education Region No. 3	Education
Edmonton Catholic Separate School District No. 7	Education
Edmonton School District No. 7	Education
Elk Island Catholic Separate Regional Division No. 41	Education
Elk Island Public Schools Regional Division No. 14	Education
Evergreen Catholic Separate Regional Division No. 2	Education
Foothills School Division No. 38	Education
Fort McMurray Roman Catholic Separate School District No. 32	Education
Fort McMurray School District No. 2833	Education
Fort Vermilion School Division No. 52	Education
Foundations for the Future Charter Academy Charter School Society	Education
Golden Hills School Division No. 75	Education
Grande Prairie Roman Catholic Separate School District No. 28	Education
Grande Prairie Public School District No. 2357	Education

[1] The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants has issued standards that require controlled entities to be fully consolidated line-by-line. In a transitional period to March 31, 2008, the Ministry is permitted to use the modified equity method of accounting. Under the modified equity method, the controlled entities' net assets and operating results would be included in one line on the Ministry's consolidated statements of financial position and operations, respectively. The Ministry has not yet included the financial statements of these controlled entities. In the transitional period, the government will assess when and how to include these controlled entities in the Ministry's consolidated financial statements. The financial results of these controlled entities are included in the consolidated financial statements of the Province of Alberta for the year ended March 31, 2006 on a modified equity basis.

School, Universities, Colleges And Hospitals Included In The Consolidated Government Reporting Entity On A Modified Equity Basis[4]

School Boards and Schools (continued)	*Ministry Annual Report*
Grande Yellowhead Regional Division No. 35	Education
Grasslands Regional Division No. 6	Education
Greater North Central Francophone Education Region No. 2	Education
Greater Southern Public Francophone Education Region No. 4	Education
Greater Southern Separate Catholic Francophone Education Region No. 4	Education
Greater St. Albert Catholic Regional Division No. 29	Education
High Prairie School Division No. 48	Education
Holy Family Catholic Regional Division No. 37	Education
Holy Spirit Roman Catholic Separate Regional Division No. 4	Education
Horizon School Division No. 67	Education
Lakeland Roman Catholic Separate School District No. 150	Education
Lethbridge School District No. 51	Education
Living Waters Catholic Regional Division No. 42	Education
Livingstone Range School Division No. 68	Education
Medicine Hat Catholic Separate Regional Division No. 20	Education
Medicine Hat School District No. 76	Education
Moberly Hall School Society	Education
Mother Earth's Children's Charter School Society	Education
New Horizons Charter School Society	Education
Northern Gateway Regional Division No. 10	Education
Northern Lights School Division No. 69	Education
Northland School Division No. 61	Education
Northwest Francophone Education Region No. 1	Education
Palliser Regional Division No. 26	Education
Parkland School Division No. 70	Education
Peace River School Division No. 10	Education
Peace Wapiti School Division No. 76	Education
Pembina Hills Regional Division No. 7	Education
Prairie Land Regional Division No. 25	Education

[4] The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants has issued standards that require controlled entities to be fully consolidated line-by-line. In a transitional period to March 31, 2008, the Ministry is permitted to use the modified equity method of accounting. Under the modified equity method, the controlled entities' net assets and operating results would be included in one line on the Ministry's consolidated statements of financial position and operations, respectively. The Ministry has not yet included the financial statements of these controlled entities. In the transitional period, the government will assess when and how to include these controlled entities in the Ministry's consolidated financial statements. The financial results of these controlled entities are included in the consolidated financial statements of the Province of Alberta for the year ended March 31, 2006 on a modified equity basis.

School, Universities, Colleges And Hospitals Included In The Consolidated Government Reporting Entity On A Modified Equity Basis[4]

ALBERTA LOTTERY FUND

School Boards and Schools (continued)	*Ministry Annual Report*
Prairie Rose Regional Division No. 8	Education
Red Deer Catholic Regional Division No. 39	Education
Red Deer School District No. 104	Education
Rocky View School Division No. 41	Education
St. Albert Protestant Separate School District No. 6	Education
St. Paul Education Regional Division No. 1	Education
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	Education
Sturgeon School Division No. 24	Education
Suzuki Charter School Society	Education
Westmount Charter School Society	Education
Westwind School Division No. 74	Education
Wetaskiwin Regional Division No. 11	Education
Wild Rose School Division No. 66	Education
Wolf Creek School Division No. 72	Education

Universities	
Athabasca University	Advanced Education
The University of Alberta	Advanced Education
The University of Calgary	Advanced Education
The University of Lethbridge	Advanced Education

Colleges	
Alberta College of Art and Design	Advanced Education
Bow Valley College	Advanced Education
Grande Prairie Regional College	Advanced Education
Grant MacEwan College	Advanced Education
Keyano College	Advanced Education
Lakeland College	Advanced Education
Lethbridge Community College	Advanced Education

[4] The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants has issued standards that require controlled entities to be fully consolidated line-by-line. In a transitional period to March 31, 2008, the Ministry is permitted to use the modified equity method of accounting. Under the modified equity method, the controlled entities' net assets and operating results would be included in one line on the Ministry's consolidated statements of financial position and operations, respectively. The Ministry has not yet included the financial statements of these controlled entities. In the transitional period, the government will assess when and how to include these controlled entities in the Ministry's consolidated financial statements. The financial results of these controlled entities are included in the consolidated financial statements of the Province of Alberta for the year ended March 31, 2006 on a modified equity basis.

School, Universities, Colleges And Hospitals Included In The Consolidated Government Reporting Entity On A Modified Equity Basis[4]

Colleges (continued)	*Ministry Annual Report*
Medicine Hat College	Advanced Education
Mount Royal College	Advanced Education
NorQuest College	Advanced Education
Northern Lakes College	Advanced Education
Olds College	Advanced Education
Portage College	Advanced Education
Red Deer College	Advanced Education

Technical Institutes and The Banff Centre	
Northern Alberta Institute of Technology	Advanced Education
Southern Alberta Institute of Technology	Advanced Education
The Banff Centre for Continuing Education	Advanced Education

Regional Health Authorities and Other Health Institutions	
Alberta Cancer Board	Health and Wellness
Alberta Mental Health Board	Health and Wellness
Aspen Regional Health Authority	Health and Wellness
Calgary Health Region	Health and Wellness
Capital Health	Health and Wellness
Chinook Regional Health Authority	Health and Wellness
David Thompson Regional Health Authority	Health and Wellness
East Central Health	Health and Wellness
Northern Lights Regional Health Authority	Health and Wellness
Peace Country Health	Health and Wellness
Palliser Health Region	Health and Wellness

[4] The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants has issued standards that require controlled entities to be fully consolidated line-by-line. In a transitional period to March 31, 2008, the Ministry is permitted to use the modified equity method of accounting. Under the modified equity method, the controlled entities' net assets and operating results would be included in one line on the Ministry's consolidated statements of financial position and operations, respectively. The Ministry has not yet included the financial statements of these controlled entities. In the transitional period, the government will assess when and how to include these controlled entities in the Ministry's consolidated financial statements. The financial results of these controlled entities are included in the consolidated financial statements of the Province of Alberta for the year ended March 31, 2006 on a modified equity basis.

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